

MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:                    )  
  )  
Regular Meeting                        )  
  )

UNIVERSITY OF CALIFORNIA, DAVIS

VETERINARY MEDICINE INSTRUCTIONAL SURGERY FACILITY

ROOM 1102

DAVIS, CALIFORNIA

THURSDAY, JUNE 22, 2006

2:22 P.M.

Reported by:  
Christopher Loverro

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

Richard B. Shapiro, Chairperson

Marie G. Moretti, Vice Chairperson

John C. Harris

William A. Bianco

STAFF

Ingrid J. Fermin, Executive Director

Jacqueline Wagner, Staff Services Manager I

John Reagan, CPA, Senior Parimutuel Examiner

Mike Marten, Program Analyst/Public Information Officer

Wendy Voss, Assistant Chief of Administration

Ysanne Rarick

ALSO PRESENT

Peter Kaufman, Deputy Attorney General

Bernie Thurman, Hollywood Park Fall Racing Association

Chris Carpenter, San Mateo County Fair

Stuart Titus, Humboldt County Fair

Chris Schick

Ralph Scurfield

Rick M. Arthur, D.V.M & Associates

Chris Korby, California Authority of Racing Affairs

Charlie Dougherty, CTT

George Bradvica, Fairplex

Craig Fravel, Del Mar Thoroughbred Club

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APPEARANCES CONTINUED

ALSO PRESENT

Drew Couto, Thoroughbred Owners California

Jack Liebau, Hollywood Park Fall Racing Association

Richard Castro, Parimutuel Employees Guild

Cliff Goodrich, Fairplex

Mike Cedar, Fairplex

Rod Blonien

Brian Charles, MEC

David Cheit, Stevens & O'Connell

S. Jerome Mandel, Mandel, Norwood & Grant

Dan Keller

Jenne-Lynn Crymes

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PROCEEDINGS

EXECUTIVE DIRECTOR FERMIN: If the meeting could come to order. This is a Regular Meeting of the California Horse Racing Board on Thursday, June 22nd, 2006 at the UC Davis Veterinary Medical Instructional Surgery Facility, in Davis, California.

Present at today's meeting are Chairman Richard Shapiro, Vice Chairman Marie Moretti, Commissioner William Bianco, Commissioner John Harris.

One of the things that we're going to do is to go into Executive Session and we're going to do it right here because it probably won't be very long. We've said that before, but I really think that that's very accurate today.

So we're going to request that we clear the room and then we will start the meeting up as soon as we've finished our Executive Session. Thank you.

(Thereupon, the Board adjourned to convene the Executive Session.)

CHAIRPERSON SHAPIRO: Good afternoon to everybody and thank you to everybody at UC Davis for hosting us. For those of you who have not had a chance to tour around a little bit, we were lucky enough to do that and had a wonderful tour of the Laboratory and it's truly amazing with the instrument testing and the technology. And then we were able to see a horse on a horse treadmill, which is the most

1    amazing thing I've ever seen to stand next to a horse and  
2    watch it galloping full strike.  And it's wonderful and,  
3    again, thank you to everybody from UC Davis.

4            The first order of business is a discussion action  
5    by the Board on the approval of minutes for the special  
6    teleconference meeting on May 15th.  Are there any comments,  
7    any changes?

8            If not, I'll entertain a motion for approval.

9            VICE CHAIRPERSON MORETTI:  So moved.

10           CHAIRPERSON SHAPIRO:  Second?

11           COMMISSIONER HARRIS:  Second.

12           CHAIRPERSON SHAPIRO:  All in favor?

13           (Ayes.)

14           CHAIRPERSON SHAPIRO:  They're approved.

15           The next item is discussion and action by the  
16    Board on approval of the minutes for the regular meeting on  
17    May 25th.

18           I do have a couple of corrections to those  
19    minutes, if I can find them.  On page 2 of 7 -- well, page  
20    7, on the second line I believe that this is an issue  
21    dealing with the synthetic surfaces.  It should read  
22    "Halpern stated CTT had not heard any concerns and indicated  
23    the Board should not stop and move forward."  It reads  
24    reverse.  I'd like to make that correction.

25           And lastly, I would like to correct that I do not

1 believe that motion was unanimously carried. I believe it  
2 was carried four in favor and one abstention.

3 Are there any other corrections, changes,  
4 additions?

5 There being none, all in favor?

6 (Ayes.)

7 CHAIRPERSON SHAPIRO: The next item is the  
8 discussion and action by the Board on the Application to  
9 Conduct a Horse Race Meeting of the San mateo County Fair.

10 Hello, Jackie.

11 STAFF SERVICES MANAGER I WAGNER: Good afternoon,  
12 Commissioners, Jacqueline Wagner, CHRB staff.

13 The application before you is from the San Mateo  
14 County Fair and they are proposing to run a -- conduct a  
15 race meeting from August the 9th to the 23rd, which is 12  
16 days, the same number of days that they ran in 2005. They  
17 are proposing to race a total of 114 races, which is one  
18 more race than they ran in 2005.

19 They will be racing Wednesday through Sunday, with  
20 nine or ten races per day on Wednesday, nine races on  
21 Monday, Thursday, and Friday, and ten or 11 races on  
22 Saturday and Sunday. They're proposing a 1:45 p.m. post  
23 time and a 12:45 p.m. post time for the Pacific Classic Day.

24 We have received all the information necessary for  
25 this application, staff would recommend that the Board

1 approve the application as presented.

2 And I do believe we do have representatives in  
3 case there are any questions.

4 CHAIRPERSON SHAPIRO: Thank you. Does anybody  
5 have any questions or comments on this?

6 COMMISSIONER HARRIS: Maybe I'm missing something,  
7 but they show a stake schedule for Arabians, mules and  
8 quarter horses, but none for thoroughbreds. Are there some  
9 thoroughbred stakes at that meeting?

10 MS. THURMAN: Bernie Thurman from the San Mateo  
11 County Fair. We've never had thoroughbred stakes for the  
12 past five or six years, just breed stakes. We have to kind  
13 of watch our purse budget very carefully.

14 COMMISSIONER HARRIS: I wondered why my horses  
15 didn't ever have any --

16 MS. THURMAN: It's the mules.

17 COMMISSIONER HARRIS: No, take a look. I mean, it  
18 is a very good thing for breeders to consider having some  
19 stakes, even if they're fairly low purses, as long as they  
20 qualify for black tie because that helps the overall  
21 programs in California.

22 CHAIRPERSON SHAPIRO: While you're here, if I can  
23 ask you a couple questions. I read the application and what  
24 I don't see here is what differentiates this, really, from  
25 race days at Bay Meadows. I understand there's a fair next

1 door, but when I look at this and I read that the  
2 promotional plans include having a booth where people can be  
3 pointed to the track, or they get free passes, I don't see  
4 where there's really any effort on this Fair's part to do  
5 anything that's different.

6           And this is not a question just to San Mateo  
7 County Fair, I will have the similar questions for some of  
8 the other fairs. I don't see anything in this application  
9 that gives me an encouragement that the business is going to  
10 grow or that there's being a concerted effort to breed new  
11 fans and really expose racing, such that I just don't see  
12 what the benefit is of this fair, other than it provides ten  
13 days of racing at an existing race track.

14           And if the intent is that there should be ten days  
15 at an existing race track, then why are we camouflaging it  
16 as a fair?

17           MS. THURMAN: Well, Commissioner, we have a new  
18 program with the fair this year. Instead of just going  
19 through and getting a coupon at the booth, that will get you  
20 a free admission, we're actually -- we've worked with the  
21 fair to do a dollar days program, where you get a card that  
22 you can scan your information into and you will go -- it's a  
23 new improvement that's not on the original application.

24           The scan card will get you over to Bay Meadows and  
25 get you club house admission, not just general admission.

1 You will be able to get a prize, it will be like a cap or  
2 something of that sort.

3 You will also get an invitation or a coupon that  
4 will get you into a contest and the winner gets a thousand  
5 dollars. But everybody that puts a coupon in will get Turf  
6 Club admission for the fall meet, a table, valet parking,  
7 and a program.

8 So we think that we're exposing Bay Meadows to  
9 people that would go to the fair, that had probably never  
10 been that distance away to Bay Meadows.

11 CHAIRPERSON SHAPIRO: Is the fair within walking -  
12 - I haven't been there, so I apologize.

13 MS. THURMAN: It is a long hike, so we do a  
14 shuttle.

15 CHAIRPERSON SHAPIRO: So you do have a shuttle.  
16 And is the shuttle like, you know, is it some kind of a tram  
17 or something that goes through the fair and says come to the  
18 races, and so forth?

19 MS. THURMAN: Right, right. Then we have CD, the  
20 Wonder Horse, where children have their pictures taken. And  
21 we have another section, which is a handicapping one, a  
22 horse buyer's 101 group, where we bring jockeys' wives,  
23 people like that, who talk about racing. And people have a  
24 lot of questions that sound like silly question, but the  
25 more information we give them, the more interested they are.

1 And then if they get a freebie to come over, you're  
2 attracting people that you wouldn't normally see.

3 And we're sharing our database and the fair is  
4 sharing their database with us, so we're getting access to  
5 potential customers that we would never see before.

6 VICE CHAIRPERSON MORETTI: Of all the people who  
7 come in the fair, they're all --

8 MS. THURMAN: Anybody that will go through this  
9 card, and we're trying to capture them in two ways, at the  
10 front office and then, also, in a separate Bay Meadows scan.  
11 And we'll give them a second opportunity. We may get some  
12 people that are getting two prizes, but that's okay.

13 CHAIRPERSON SHAPIRO: Mr. Carpenter?

14 MR. CARPENTER: Yes, I'm Chris Carpenter, General  
15 Manager, San Mateo County Fair.

16 And just wanted to add, also, that within our  
17 advertising program we include Bay Meadows in everything  
18 that we do, be it newspaper, radio, television. We include  
19 them in all of the collateral pieces that we mail out and  
20 this year we have some additional pieces, some postcard  
21 handlers that we're going to do, and 25,000 cards that we're  
22 handing out to other events that take place on the grounds.

23 As Bernie mentioned, Bay Meadows will have a  
24 booth. We have a new program where we're tracking data that  
25 we're going to share with Bay Meadows. It's a program

1 whereby people will have the opportunity to win prizes by  
2 signing up, and capturing their e-mail and other data.

3 Bay Meadows is going to do the same thing at their  
4 booth to, hopefully, gain additional data from the people  
5 attending.

6 But, again, with this card it offers them free  
7 admission to go to the races and this is something new that  
8 we're doing this year.

9 And then, of course, we included on our marquee  
10 advertisements, that we do on both of the marquees for the  
11 fair.

12 So we feel that we're doing a great deal in  
13 everything we possibly can in our marketing effort to push  
14 racing. And just to mention, too, this is a partnership  
15 that's existed between 1935, between the fair and Bay  
16 Meadows.

17 CHAIRPERSON SHAPIRO: Well, again, I'm not -- my  
18 comments, while directed at you, are really indicative of my  
19 belief that the fairs need to become more productive in  
20 providing results for racing, and become more ingrained in  
21 helping us building racing. And the application that was  
22 given to us didn't say any of the things that I'm now  
23 hearing.

24 So please understand that when we read this  
25 application, to me it says there's a fair people and so many

1 people will get a free ticket to the track. So I hope in  
2 the future that you'll elaborate more and let us know why  
3 this fair exists for the benefit of racing. I understand  
4 why the fair exists and I'm all for it, but we need to make  
5 the fair as part of helping horse racing grow, and this  
6 certainly didn't appear to be that way.

7 MR. CARPENTER: Okay.

8 VICE CHAIRPERSON MORETTI: Will you be able to  
9 track when someone does come to Bay Meadows versus they got  
10 their ticket, they got their coupon at San Mateo, at the  
11 fair, and then they go and it's got a bar code on it; is  
12 that correct, so you would be able to track it?

13 MR. CARPENTER: Indirectly, yeah, we'll be able to  
14 track it. They don't surrender the card because they can  
15 continue to utilize that card back at the fair, on that day.  
16 But each and every day we hand out a group of cards, I think  
17 we're going to have 200 to 250 thousand of these cards  
18 printed, so everyone entering the fair will get a card.  
19 And, of course, it will have Bay Meadows right on the card  
20 and then we'll have signage stating this card, of course,  
21 will get them free admission at the track.

22 And some of these items could have appeared and  
23 should have appeared, but some of them did come up after the  
24 license application went through. So we're trying to  
25 brainstorm as much as we can and come up with as many ideas

1 as we can.

2 The shuttle, I think, had been done in the past,  
3 before, but we're bringing the shuttle back, and so that  
4 will be a continuous route of free shows.

5 CHAIRPERSON SHAPIRO: Can you report back to us  
6 and tell us how many hits you get, so that next year we  
7 know --

8 MR. CARPENTER: Absolutely.

9 CHAIRPERSON SHAPIRO: -- exactly what, you know,  
10 how many people that are fair-goers actually took the  
11 shuttle, or redeemed -- got the card and came to the track?

12 MR. CARPENTER: Sure. Another thing that we're  
13 doing, too, is we're doing a form of data collection on our  
14 website, as well, so Bay Meadows is linked on our website.  
15 And last year we could count the amount of hits that we've  
16 had, but this year we should be able to count the amount of  
17 hits of the individuals that go to the Bay Meadows web page.  
18 That's something new, as well, and it's a whole page  
19 dedicated to Bay Meadows and horse racing. But, yes, we can  
20 report.

21 CHAIRPERSON SHAPIRO: Thank you. Anybody else?  
22 Otherwise, I'll entertain a motion.

23 VICE CHAIRPERSON MORETTI: I'll make a motion to  
24 approve the application.

25 CHAIRPERSON SHAPIRO: A second?

1 COMMISSIONER HARRIS: I'll second.

2 CHAIRPERSON SHAPIRO: All in favor, aye.

3 (Ayes.)

4 CHAIRPERSON SHAPIRO: Thank you and good luck.

5 Jackie, let's talk about the Humboldt County Fair.

6 STAFF SERVICES MANAGER I WAGNER: Jacqueline

7 Wagner, CHRB staff.

8 The application before you is from the Humboldt  
9 County Fair. They are proposing to race at Ferndale from  
10 August the 10th through August the 20th, 2006, for ten days.  
11 This is the same number of days they raced in 2004 -- excuse  
12 me, 2005.

13 The fair is proposing to race 75 races, which is  
14 the same number of races that they ran last year. They will  
15 be racing Thursday through Monday the first week, and  
16 Wednesday through Sunday the second week. They are  
17 proposing six races on Wednesday, seven on Monday and  
18 Thursday, eight races on Friday and Saturday, and eight or  
19 nine races on Sunday.

20 They're first post time will be 1:55 p.m.  
21 Saturdays and Sundays, and they are proposing a 2:25 p.m.  
22 post on Monday, Wednesday, and Thursday, and 2:55 p.m. post  
23 on Friday.

24 We have received the information necessary for the  
25 application and staff would recommend that the Board adopt

1 the -- excuse me, approve the application as presented.

2 I do believe there are representatives from the  
3 fair for questions.

4 CHAIRPERSON SHAPIRO: Anybody have any comments?

5 VICE CHAIRPERSON MORETTI: Are all those different  
6 post times because of simulcasting or what?

7 CHAIRPERSON SHAPIRO: Is there a representative of  
8 the fair here?

9 STAFF SERVICES MANAGER I WAGNER: There was.

10 CHAIRPERSON SHAPIRO: Here he comes.

11 COMMISSIONER HARRIS: I might comment, I went up  
12 to this fair last year and it is a very interesting fair and  
13 fun place to go. I'd recommend anyone go up there, if they  
14 haven't been. You feel like you're back at school.

15 MR. TITUS: My name is Stuart Titus, General  
16 Manager of the Humboldt County Fair, in Ferndale. The post  
17 time differentials are to coincide, as best we can, with  
18 others that are occurring simultaneously or about the same  
19 times.

20 CHAIRPERSON SHAPIRO: How many horses do you have?  
21 I notice here it says that you're requesting that we allow  
22 horses entered on one day to be listed on overnight sheets  
23 for races scheduled to be run 72 hours from that day. Are  
24 horses running back three days later at this fair?

25 MR. TITUS: I'm not aware of them running back

1 three days later, and I'm not sure of the purpose behind it.

2 We've had that in the license for a number of years, now.

3 EXECUTIVE DIRECTOR FERMIN: I think the request  
4 was because mules do run back quickly.

5 COMMISSIONER HARRIS: A long lay up for a mule.

6 EXECUTIVE DIRECTOR FERMIN: Yeah.

7 CHAIRPERSON SHAPIRO: Well, then can we change it  
8 to mules, would you have a problem changing it to mules?

9 MR. TITUS: I don't think so.

10 CHAIRPERSON SHAPIRO: Okay. Because what I  
11 noticed is that in terms of horse population, you're field  
12 sizes are down between six. In terms of Appaloosas are six  
13 and thoroughbreds are 6.5, and if you're short of horses, I  
14 understand running them back sooner, but I would hate to see  
15 that we're running sore horses back sooner. So maybe we  
16 should just change that if it's the mules, I didn't  
17 understand it.

18 COMMISSIONER HARRIS: I think it's good to give  
19 the racing secretary some latitude that they can do that,  
20 because they do have a lot of unusual -- I mean, they're  
21 dealing with a fairly small horse population and it's a  
22 half-mile track, and an eight-horse field is a big field up  
23 there.

24 MR. TITUS: Yeah, bearing in mind it's an eight-  
25 horse field.

1 CHAIRPERSON SHAPIRO: Oh, I didn't know, it's a  
2 half-mile track?

3 CHAIRPERSON SHAPIRO: I'll withdraw that, I didn't  
4 know that.

5 MR. TITUS: Thank you.

6 CHAIRPERSON SHAPIRO: Okay. In terms of do you  
7 know what type -- do you have head-on cameras on this track,  
8 for the stewards?

9 MR. TITUS: Yes, we do.

10 CHAIRPERSON SHAPIRO: Okay. And then similar to  
11 the questions I asked previously, it says here your  
12 promotion plans are selling hats, and sweatshirts, and t-  
13 shirts. Some will be given away in advance to horsemen.

14 Are there any other promotional plans for the  
15 meet?

16 MR. TITUS: Promotional, on-site, yeah, we do a  
17 number of different things for the horsemen, themselves. In  
18 terms of promotion --

19 CHAIRPERSON SHAPIRO: I'm talking about fan  
20 generation, yeah.

21 MR. TITUS: It's included in -- it's not  
22 promotion, it's advertising.

23 COMMISSIONER HARRIS: They have a lot done in the  
24 City of Ferndale, which is just right adjacent to the track.  
25 As I recall, there's a lot of things tying into the race

1 meet, too.

2 MR. TITUS: Well, the entire community wraps their  
3 arms around the industry, while everybody's there, so you  
4 can't really call that a promotion of your own, it's just a  
5 part of racing in Ferndale.

6 But promoting it with the public is everything  
7 from all of our print advertising, electronic advertising.

8 We are considering, although I haven't gotten the  
9 Board action on this, yet, but considering some price  
10 discounts and that sort of promotions during the meet. It  
11 was not included in the application, however.

12 CHAIRPERSON SHAPIRO: All right. Well, perhaps  
13 next year you can just give us -- maybe it's my fault  
14 because I haven't been there and I haven't seen it, but I'd  
15 just like, again, to see that the fairs are stepping up and  
16 helping build, you know, racing population throughout the  
17 State. I just didn't understand that.

18 Any other questions or comments?

19 COMMISSIONER HARRIS: I'd move we approve.

20 VICE CHAIRPERSON MORETTI: Second.

21 CHAIRPERSON SHAPIRO: All in favor?

22 (Ayes.)

23 CHAIRPERSON SHAPIRO: Approved. Thank you.

24 Okay, we're here in Sacramento, so let's talk  
25 Sacramento Harness.

1           STAFF SERVICES MANAGER I WAGNER: Jacqueline  
2 Wagner, CHRB staff.

3           The Sacramento Harness Association has filed this  
4 application to conduct a horse racing meeting from August  
5 the 2nd through December the 16th. The Association is  
6 proposing to race 74 nights, with 925 races.

7           Their first live post will be 5:35 p.m. Wednesday  
8 and Thursday. They're proposing a 6:20 p.m. post on Friday  
9 and Saturday through September the 30th, and then they will  
10 have a 5:35 p.m. post beginning October 6th, that runs  
11 through the end of the race meeting.

12           We have received the documents necessary for this  
13 application and staff would recommend the Board approve the  
14 application as presented.

15           And, again, there are representatives from the  
16 Association in case there are any questions.

17           CHAIRPERSON SHAPIRO: I'd like to ask a couple  
18 questions. First of all, I have a question for staff. Are  
19 these dates the dates that were approved by the Race Dates  
20 Committee last year? It appears to me, unless I'm mistaken,  
21 that August 2nd, 3rd, and 4th, were those dates that were  
22 originally approved?

23           SENIOR PARIMUTUEL EXAMINER REAGAN: Commissioners,  
24 John Reagan, CHRB staff.

25           The Race Dates Committee, as you know, issues a

1 proposed calendar, but when we actually adopt the dates, we  
2 simply give the beginning and ending dates and the number of  
3 days. We don't actually incorporate this structure.

4           What actually occurred in this particular case, if  
5 you will, is at that time we were anticipating this time  
6 frame would begin a new week run by Cal Expo, that's what  
7 the crystal ball looked like a year ago, that Sacramento  
8 Harness or someone would be running the first three months  
9 of the year, and that the August and September time would be  
10 that little piece that was then part of the Cal Expo/State  
11 Fair portion that we had had in the past.

12           And when new meets generally start in Sacramento,  
13 they generally will start on a Friday or Saturday, but that  
14 was when there was going to be a separate organization  
15 running this portion.

16           Now, it turns into being -- now, this turns out to  
17 be a continuation of an existing meet or starting a new  
18 meet, which is kind of a continuation of the Sacramento  
19 Harness. Therefore, the need to start on a Friday or  
20 Saturday, as a kick off type of a thing, isn't there and  
21 Mr. Schick and his group decided to start on the Wednesday.

22           So we don't have any problem with them starting on  
23 the Wednesday, in the sense that they're still within the  
24 same number of days that we allocated, and this allocation  
25 is just kind of a guesstimate of how we see the meets lining

1 up.

2 So given that they're really kind of continuing  
3 on, there isn't a need to skip the Wednesday, Thursday, and  
4 so on.

5 CHAIRPERSON SHAPIRO: Right. I don't have a  
6 problem, other than I don't agree with you, I thought when  
7 we approved these that, just as we've done with other racing  
8 organizations and we've approved those, they were being  
9 allocated those dates.

10 And I know that in certain areas it gets very  
11 contentious as to which -- who's got which day. So I don't  
12 agree with your characterization that we were just approving  
13 it.

14 In this case there isn't overlap, there isn't a  
15 competing meet, I have no problem with it.

16 SENIOR PARIMUTUEL EXAMINER REAGAN: Right.

17 CHAIRPERSON SHAPIRO: But what I find here is,  
18 which I didn't know, is Cal Expo not going to operate a race  
19 meeting during the fair?

20 SENIOR PARIMUTUEL EXAMINER REAGAN: That is true.  
21 They have a deal with Sacramento Harness to continue the  
22 harness meet through the entire fair time and there will be  
23 no traditional fair race meet.

24 CHAIRPERSON SHAPIRO: Okay, but the fair will have  
25 harness racing, simply operated by this operator?

1 SENIOR PARIMUTUEL EXAMINER REAGAN: Yes.

2 CHAIRPERSON SHAPIRO: Okay, that wasn't clear. So  
3 the dates that are contemplated are consistent, then, with  
4 the allocated dates, it's just the operator is different; is  
5 that right?

6 SENIOR PARIMUTUEL EXAMINER REAGAN: Yes.

7 STAFF SERVICES MANAGER I WAGNER: Correct, yes.

8 SENIOR PARIMUTUEL EXAMINER REAGAN: That is  
9 correct.

10 CHAIRPERSON SHAPIRO: Okay.

11 COMMISSIONER HARRIS: Was there some reason? I  
12 mean, is that -- my only concern would be if that was done  
13 strictly to get a lower license fee or something like that.

14 SENIOR PARIMUTUEL EXAMINER REAGAN: No, it would  
15 have been a harness meet in either case, we simply have a  
16 different operator.

17 CHAIRPERSON SHAPIRO: Well, no, I think  
18 Commissioner Harris is asking why -- I think the answer is  
19 because they're better at operating a harness meet than the  
20 fair was, but you answer. Is there another reason why the  
21 fair is not operating it and you are?

22 MR. SCHICK: Not really. I think it's just a  
23 matter that obviously we're operating it for them, to step  
24 in and move in a new operation for a short period of time,  
25 and I think they just didn't think it made any sense. I

1 don't know, obviously, it remains to be seen if we're any  
2 better or not. But I think it's just --

3 AUDIENCE COMMENT: We are.

4 COMMISSIONER BIANCO: I would assume that it's  
5 more like the -- I mean, that's sort of what happens at Bay  
6 Meadows, it's more like the San Mateo model where,  
7 basically, Bay Meadows operates the fairs. I think, really,  
8 that the horse group would operate the fair.

9 CHAIRPERSON SHAPIRO: So is this -- in essence,  
10 this is Sacramento Harness Racing operating for the Cal Expo  
11 Fair?

12 MR. SCHICK: We are operating their meet.

13 CHAIRPERSON SHAPIRO: Right.

14 COMMISSIONER BIANCO: How about on the simulcast  
15 facility and all that, will that still be Cal Expo or will  
16 that be you?

17 MR. SCHICK: That will be Cal Expo just  
18 like -- you know, none of that will change, obviously.  
19 We've never operated the simulcast facility. Even when  
20 we're running live, now, they get all the -- essentially,  
21 the Day Commission and, like Night Commission from -- so  
22 none of that will change.

23 CHAIRPERSON SHAPIRO: I'm looking at your sire  
24 stake schedule, which appears to me to be significantly  
25 increased in terms of purse value, in that they're all

1 between 22,000 and 32,500. And that appears to me to be a  
2 significant increase over last year. Is that true?

3 MR. SCHICK: It is, indeed.

4 CHAIRPERSON SHAPIRO: Okay. My first question is  
5 how many Cal bred s are there? I mean, there are a lot of  
6 stakes here and it was my understanding there are only about  
7 a hundred Cal bred s born each year. So I'm wondering if the  
8 same people are just winning these races or who are the  
9 horses that are filling these races?

10 MR. SCHICK: Well, as in the case of, obviously,  
11 our two-year-olds, as you can see, we won't run any two-  
12 year-old stakes until August 30th. So, historically, the  
13 two-year-olds start in June and July. So we've pushed our  
14 two-year-old season back and that was done a couple of years  
15 ago, thinking that we could be more productive if we didn't  
16 press our two-year-olds earlier and they'd be better as they  
17 went on with age, obviously.

18 But to directly answer your question, we had 157  
19 horses that continued nomination for the two-year-old events  
20 as of March 15th, which was up substantially from the year  
21 before.

22 CHAIRPERSON SHAPIRO: And these are just two-year-  
23 olds?

24 MR. SCHICK: These are just two-year-olds.  
25 Obviously, we have one round of three-year-olds on this

1 schedule but, as you can see, the first four divisions are  
2 all two-year-olds.

3           And just to elaborate on your increase in purses,  
4 I don't know if you're aware, but certainly Mr. Reagan is,  
5 that there was a change in the allocation of breakage  
6 beginning January 1, and all of the breakage is now being  
7 allocated to the sire stakes, so the sire stakes are,  
8 obviously, funded to a much higher level than they  
9 traditionally were because of this breakage, and we're  
10 running a three-year-old round of -- a 32,500 championship  
11 round this week, and I can tell you it's really, to a  
12 certain extent, energized the breeders. And, obviously, we  
13 need to do that.

14           CHAIRPERSON SHAPIRO: Right. I mean, that's what  
15 the original concept of this was and I'm curious to know,  
16 are you seeing growth in the breeding business as a result  
17 of, now, the purse being increased, are you seeing more Cal  
18 breds? Is this program working?

19           MR. SCHICK: Well, I think that, you know, it's  
20 hard to -- you know, breeding, as you probably know, it's a  
21 long, cyclical situation. So, obviously, this change in the  
22 breakage just happened January 1.

23           I can tell you that from talking to the breeders  
24 and the general people, a lot of people are breeding their  
25 mares or are now looking to get brood mares to be involved

1 in this program.

2 And just as a sideline to that, we've also hooked  
3 up what we call the Diamond Alliance, with three other  
4 states, Iowa, Wisconsin, and Minnesota. And we're going to  
5 have another round of stakes, not sire stakes, but just  
6 stake races for this Diamond Alliance, in an effort to get  
7 these people out here to California, to race.

8 So it will be Cal sire stakes and Diamond Alliance  
9 horses, and this will take place after the first of the  
10 year. And we've also got some other extremely aggressive  
11 plans to get new horses into the State, if you'd like to  
12 hear about them.

13 CHAIRPERSON SHAPIRO: Well, I would like to hear  
14 them, but I'm not going to hear about them, now, because we  
15 have a long agenda and I don't want to delay it.

16 I think you guys have been doing a great job and  
17 you know, I hope you know that.

18 The last question I have is your photo finish.  
19 There have been problems, apparently, with your photo finish  
20 operator or camera, I'm not sure which.

21 MR. SCHICK: Operator, I believe.

22 CHAIRPERSON SHAPIRO: Okay, do you have a new  
23 operator?

24 MR. SCHICK: No, we don't.

25 CHAIRPERSON SHAPIRO: Okay. Well, it --

1 MR. SCHICK: When you say, I just want to clarify  
2 problems, we did have a problem which we were served a  
3 complaint with, where our photo finish operator overslept  
4 one evening and was late to the races. But as far as is  
5 there other problems beyond that?

6 STAFF SERVICES MANAGER I WAGNER: I believe that's  
7 happened more than once.

8 CHAIRPERSON SHAPIRO: It's happened many more  
9 times.

10 MR. SCURFIELD: It was the employee of the  
11 operator, there's a difference between these two.

12 CHAIRPERSON SHAPIRO: Okay.

13 MR. SCURFIELD: The operator that's doing the  
14 contract and this was the employee who did not inform the  
15 operator that --

16 CHAIRPERSON SHAPIRO: Okay, all I know is that I  
17 read where there was no photo finish for a race, and I'm  
18 asking if you've taken corrective actions with whoever is  
19 operating the photo finish to say we want a different  
20 employee, we want something so there's a photo finish for  
21 the races.

22 MR. SCURFIELD: No, there's a backup.

23 CHAIRPERSON SHAPIRO: There is?

24 MR. SCURFIELD: In case that happens.

25 MR. SCHICK: In the process of being trained, let

1 me just qualify that. We do have a backup situation on  
2 that. But I just want to say, I'm only aware of the one  
3 incident, since Sacramento Harness has taken over, and  
4 that's where the photo finish operator did not make the  
5 first three races. Maybe I'm wrong.

6 EXECUTIVE DIRECTOR FERMIN: I think there was  
7 another incident that I saw in the minutes just about a week  
8 ago, that there was a problem again. But we'll adjust it.

9 CHAIRPERSON SHAPIRO: Chris, just making sure  
10 there's a photo finish operator, that's all I'm trying to  
11 say.

12 MR. SCHICK: Right. I've spoken with  
13 Mr. O'Brien, from Plus MEC, he's obviously our contractor on  
14 this, and we do have a plan in place.

15 And just so you know, he informed me that he  
16 doesn't have a backup operator at any of the tracks that he  
17 services, which maybe that's an issue. But I'm not saying  
18 we shouldn't have one.

19 CHAIRPERSON SHAPIRO: I just want to make sure  
20 that at every race meeting there's a photo finish operator.

21 COMMISSIONER HARRIS: That is a good point,  
22 though, at our other tracks there's sure to be some --

23 CHAIRPERSON SHAPIRO: What if somebody's sick.

24 COMMISSIONER HARRIS: -- auto pilot or something  
25 that comes on if the guy's not there.

1           CHAIRPERSON SHAPIRO: Well, that raises an  
2 interesting question, perhaps we should make sure that there  
3 is a contingency plan that each of the tracks has, because  
4 it would be terrible if there's no photo finish operator.  
5 And, apparently, you guys had a situation. I'm not blaming  
6 you, the person didn't show up for work.

7           COMMISSIONER HARRIS: Bring back the placing  
8 judges.

9           MR. SCURFIELD: That's right.

10          CHAIRPERSON SHAPIRO: All right, I'll entertain a  
11 motion to approve this application.

12          VICE CHAIRPERSON MORETTI: So moved.

13          CHAIRPERSON SHAPIRO: Second?

14          COMMISSIONER HARRIS: Second.

15          CHAIRPERSON SHAPIRO: All in favor?

16          (Ayes.)

17          CHAIRPERSON SHAPIRO: Thank you.

18          MR. SCURFIELD: Mr. Chairman, if I might make a  
19 comment, the meet has been very successful so far, and it's  
20 tough competition, and you've got the purses up some, and  
21 we've increased our monies that we're going to share with  
22 the community, the horsemen, and Cal Expo, and we have just  
23 completed a million dollar renovation.

24          CHAIRPERSON SHAPIRO: Is it complete, now?

25          MR. SCURFIELD: Yes, it is complete, now. But it

1 isn't furnished, which is Cal Expo's portion of it. And not  
2 to put any blame anywhere. But physically, it is completed.

3 And we'd welcome any of you that could come out  
4 and see it, and I don't know what your plans are for  
5 tonight, but any time you'd like to come to the facility we  
6 would welcome you, and please let us know and we'll make  
7 accommodations.

8 CHAIRPERSON SHAPIRO: Well, if we get out of here  
9 early, I was planning on coming, trying to get by.

10 MR. SCURFIELD: Good, good.

11 CHAIRPERSON SHAPIRO: But we do see the minutes  
12 and we do see you're working hard, and I think the  
13 improvement is evident.

14 MR. SCURFIELD: Thank you.

15 CHAIRPERSON SHAPIRO: Thank you.

16 The next item is Item 6.

17 SENIOR PARIMUTUEL EXAMINER REAGAN: Commissioners,  
18 John Reagan, CHRB staff. This is a request for charity  
19 distributions from Oak Tree Charity. We find the  
20 distribution to be in order and recommend that you approve.

21 CHAIRPERSON SHAPIRO: Any comments? I'll  
22 entertain a motion. Do you want to get out of here or do  
23 you want to talk?

24 MR. ARTHUR: No, very quickly, I'd like to point  
25 out that Oak Tree makes an effort, I'm Dr. Rick Arthur, with

1 the Racing Association, to contribute the bulk of their  
2 funds to horseman's organizations, and this represents  
3 approximately \$20,000 to jockeys, \$24,000 to backside  
4 programs, \$19,000 to horse rescue, and only about \$11,000 to  
5 local community charities.

6 And Oak Tree actually contributes over half a  
7 million dollars every year to horseman's organizations above  
8 and beyond their Charity Days. Thank you.

9 CHAIRPERSON SHAPIRO: I think the record should  
10 certainly reflect that Oak Tree does a wonderful job for  
11 horses, horse-related causes, and the entire horse racing  
12 industry.

13 COMMISSIONER HARRIS: Yeah, it might be good, the  
14 next time you give one of these, to show the other things  
15 Oak Tree does besides the Charity Days.

16 MR. ARTHUR: Well, one of them is we contribute  
17 \$125,000 to Center Free Point Health just this last year,  
18 and we've continued that for -- that's a second year of that  
19 pledge. And we just completed a five-year pledge, as well.  
20 So we can give you a whole list sometime.

21 CHAIRPERSON SHAPIRO: All right, have we passed  
22 the motion?

23 COMMISSIONER HARRIS: I'll move we approve.

24 CHAIRPERSON SHAPIRO: Second.

25 COMMISSIONER BIANCO: Second.

1 CHAIRPERSON SHAPIRO: All in favor?

2 (Aye.)

3 CHAIRPERSON SHAPIRO: Thank you. He's already  
4 gone.

5 Okay, the next item is Item Number 7, temporary  
6 suspension of CHRB Rule 1606-Coupling of Horses, for the Los  
7 Alamitos Quarter Horse race meet.

8 STAFF SERVICES MANAGER I WAGNER: Jacqueline  
9 Wagner, CHRB staff.

10 As you know, a special teleconference Board  
11 meeting was held on May 15th, and at that Board meeting the  
12 Board voted to temporarily suspend Rule 1606-Coupling of  
13 Horses, as well as some specific paragraphs of the  
14 parimutuel rules that would be affected.

15 The experimental waiver was to apply to the two  
16 current thoroughbred race meetings that are held, that are  
17 being held right now at Hollywood Park and Bay Meadows, on  
18 the condition that there be at least five separate wagering  
19 interests prior to uncoupling.

20 At the May Board meeting, Los Alamitos expressed  
21 interest to be included in the experiment waiving the rule  
22 1606.

23 This item is presented to the Board to address  
24 that particular issue and staff would recommend that the  
25 Board approve the request to approve Los Alamitos in the

1 experimental waiver.

2 VICE CHAIRPERSON MORETTI: Was there a time frame  
3 on that, again?

4 CHAIRPERSON SHAPIRO: As I recall, the time frame  
5 is through the current Hollywood Park race meeting, which is  
6 July 15th, 16th, something in there.

7 COMMISSIONER HARRIS: Is this supported by the  
8 horsemen at Los Al?

9 STAFF SERVICES MANAGER I WAGNER: I believe there  
10 is. Is there a representative from Los Alamitos?

11 CHAIRPERSON SHAPIRO: He's giving us the thumbs up  
12 in the back.

13 So I have no problem with this. The only thing I  
14 would ask is that I believe that the other people that are  
15 doing this are keeping statistics of how many times that  
16 there is a situation where horses are uncoupled, and I think  
17 we would like to see exactly how many times it takes place,  
18 what the effect of uncoupling was in terms of handled  
19 generation and, also, I'd like to see what the odds are on  
20 the two horses that were uncoupled. You know, again, so we  
21 can just try to get as much data as we can. But I have no  
22 problem with it otherwise.

23 COMMISSIONER HARRIS: Yeah. It may be good if we  
24 got that report at the Del Mar meeting, while it's fresh on  
25 our minds.

1           CHAIRPERSON SHAPIRO: That's a good idea. You  
2 want to make a motion?

3           COMMISSIONER HARRIS: I'll move that we waive the  
4 uncoupling rule per Los Alamitos through the end of the  
5 Hollywood Park meeting, and we can take another look at it  
6 at Del Mar.

7           CHAIRPERSON SHAPIRO: Right. Okay, I'll second  
8 that.

9           All in favor?

10          (Ayes.)

11          CHAIRPERSON SHAPIRO: Okay. Item 8, discussion  
12 and action by the Board on the temporary suspension of CHRB  
13 Rule 1663(b)-Entry of Claimed Horse.

14          STAFF SERVICES MANAGER I WAGNER: Jacqueline  
15 Wagner, CHRB staff.

16          Board Rule 1663, as you know, among other things,  
17 requires that no claimed horse is eligible to race in any  
18 state other than California until 60 days after the close of  
19 the meeting at which it was claimed, except in a stakes  
20 race.

21          For the purposes of that particular rule the  
22 California Fair Circuit is considered to be one race  
23 meeting.

24          The Board amended that particular rule and, at  
25 that time, the industry was concerned about the number of

1 claimed horses that were leaving California, in the sense  
2 that that was increasing the shortages of California horses  
3 and causing short fields.

4 At the time of the amendment to the rule, where we  
5 added the 60 days, we had endorsements from the CTT,  
6 Thoroughbred Owners of California, and the Thoroughbred  
7 Racing Associations.

8 Since that rule has been adopted, we have received  
9 a request from CARF, California Authority of Racing Fairs,  
10 that this particular rule does, indeed, have a negative  
11 impact on the fair circuit.

12 As a result, they are proposing that they would  
13 like the Board to suspend the 60-day jail time effective  
14 October 16th, 2006, which is the day after the close of the  
15 racing at Fresno, and this will allow horses claimed during  
16 that fair circuit the ability to leave California and to  
17 immediately run out of state.

18 This item is presented for the Board's discussion  
19 and I do believe there are representatives from CARF, and  
20 the fair industry, that would be able to answer any  
21 questions.

22 EXECUTIVE DIRECTOR FERMIN: I'd like to just add  
23 something here. After this was adopted and Chris Korby and  
24 I discussed it, that when the fairs rolled around that there  
25 possibly could be a problem in that they have a very

1 aggressive program in riding horses from out of state,  
2 Arizona, and such, to race in California. And that when  
3 people come and their horses are perhaps claimed at the  
4 beginning of the fair season, which was just June 14th,  
5 under this rule the fair horses would not be able to  
6 run -- if they were to have claimed something in-state, they  
7 would not be able to run until 60 days after the Fresno  
8 meet, which puts them into December.

9           So, certainly, people would be very hesitant to  
10 come and participate, that ordinarily would have. So this  
11 is why we did put it back on the agenda and would like to  
12 have the presenters explain anything that they would like  
13 to. But it could be a real problem for the fairs.

14           MR. KORBY: Chris Korby, California Authority of  
15 Racing Fairs, we made the request. I think Ingrid  
16 characterized the situation well. We have an active and  
17 growing, and I think successful recruitment program, in  
18 which we recruit trainers to bring horses from other states.

19           Arizona, which has a schedule that dovetails  
20 nicely with our summer fair circuit, is one of our primary  
21 recruiting areas. So we have a number of trainers who bring  
22 quite a few horses over from Arizona and then go back there  
23 after the Fresno fair circuit -- after the Fresno fair, at  
24 the end of the fair circuit.

25           As Ingrid said, if a horse is claimed any time

1 during the fair circuit, with the fairs being considered one  
2 meet, that horse is not eligible to run in another state  
3 until 60 days after Fresno, which puts it in mid-December.

4 So we'd like to request what we're calling a  
5 limited waiver of this rule, so that it would end the day  
6 after the last day of Fresno.

7 VICE CHAIRPERSON MORETTI: Do you have any numbers  
8 on how many horses you're talking about?

9 MR. KORBY: That we've recruited?

10 VICE CHAIRPERSON MORETTI: That you say you'll  
11 have -- no, you say that there will be negative impact if we  
12 don't --

13 COMMISSIONER HARRIS: Okay, because this rule was  
14 in effect last year so, I mean, I think I support what  
15 you're trying to do here, anyway, but I question if it was  
16 really a big problem, but it was some degree of a problem.

17 MR. KORBY: Well, for us it's more a matter of the  
18 environment in California and inviting trainers to come from  
19 other states to run here. We don't want to put any  
20 discouragement or impediment in their decision that might  
21 encourage them to come to California.

22 COMMISSIONER HARRIS: Yeah, like training bills,  
23 and vet bills, and things like that.

24 CHAIRPERSON SHAPIRO: How many horses do you  
25 recruit?

1           MR. KORBY: We track these horses, just by way of  
2 confirmation and verification, we have a program that pays a  
3 horse that comes in from over 600 miles away, they ship in  
4 from another state, we pay them a relocation fee from the  
5 Paymaster's Office, and that way we can track exactly how  
6 many horses come from those other states.

7           Last year we paid 157 horses and those horses  
8 started 445 times during the fair circuit.

9           COMMISSIONER HARRIS: Does that payment go to the  
10 owner, or the trainer, or who does it go to?

11          MR. KORBY: The owner.

12          COMMISSIONER HARRIS: The owner.

13          MR. KORBY: Uh-hum.

14          CHAIRPERSON SHAPIRO: Okay.

15          MR. DOUGHERTY: Charlie Dougherty, California  
16 Thoroughbred trainers. We support the request by the fairs  
17 on this particular item.

18                 One of the things, also, I think the Board should  
19 be aware of and even during the course of the major meets,  
20 what we hear at our office is from trainers that are being  
21 recruited to come race from out of state, they feel they're  
22 being unfairly targeted in terms of, you know, there's been  
23 a lot of requests for, especially Washington trainers during  
24 Bay Meadows and Golden Gate meets, where they bring horses  
25 down here and then have them claimed from them, and then

1 they cannot then claim horses back to replenish their supply  
2 in order -- when they leave to go back.

3 So, I mean, I think that is something that should  
4 also be considered, that if a particular trainer has horses  
5 claimed from them, it's been suggested that they should be  
6 allowed, be at least able to claim back the amount of horses  
7 they had claimed from them.

8 So there is a particular problem with this rule as  
9 it relates to trying to recruit out-of-state trainers to  
10 come race in California.

11 CHAIRPERSON SHAPIRO: Well, we adopted this rule,  
12 it was my understanding, to try and help our horsemen, and I  
13 understand that and it makes sense to me that if a guy comes  
14 in from ten horses from out of state, he should be allowed  
15 to leave with ten horses, you know.

16 MR. DOUGHERTY: And that's been requested of us  
17 from out-of-state trainers. How we can do that, I'm not  
18 quite sure. But I can tell you it is a concern of horses  
19 coming in from Washington that, you know, we've just now  
20 gone through this first year of this rule and the Washington  
21 trainers were not happy with this rule.

22 COMMISSIONER HARRIS: Yeah. I, personally, think  
23 it's a good rule. I mean, I think once you make this  
24 modification that CARF's proposing, now, because it did  
25 create inequities because of the 60-day rule that went all

1 the way through Fresno where, conceivably, they could claim  
2 a horse in Stockton and you wouldn't get it out of jail  
3 until December or something.

4 But I think the overall concept of the 60 days  
5 makes sense, and it's not that bad. I mean, we want to keep  
6 horses in California and we don't -- our ranks have been  
7 raided lots of times where people would come in and in the  
8 last few days of a meet, they're just claiming numerous  
9 horses to take to Washington, which really wasn't right.

10 MR. DOUGHERTY: Well, actually, I don't know that  
11 it was particularly the horses being claimed to go to  
12 Washington, I think --

13 COMMISSIONER HARRIS: Every place.

14 MR. DOUGHERTY: Yeah, it was mainly further east.  
15 But it is somewhat of a double-edge sword because we're  
16 trying to get trainers to come here and then, when they do  
17 come here, they're leaving empty handed and they're not real  
18 happy about that, either.

19 COMMISSIONER HARRIS: Well, we want to keep the  
20 people that are here happy, not the ones that are leaving  
21 happy.

22 MR. BRADVICA: George Bradvica, Fairplex Park.  
23 Fairplex Park also supports the temporary suspension of Rule  
24 1663(b). We feel, also, that will help our meet.

25 We kind of piggy-back on what CARF does up north.

1 We've had a program the last two years where we've actually  
2 shipped fair horses from the north to Fairplex, free of  
3 charge, and it's helped us significantly.

4 I know of a trainer last year who chose not to  
5 come to our meet last year. He brought a significant number  
6 of horses in previous years. He chose not to come last year  
7 specifically because of this rule and he's looking forward  
8 to the temporary suspension of this rule, as well, and I  
9 think it will help Fairplex Park. Thank you.

10 VICE CHAIRPERSON MORETTI: Jackie, when we're  
11 asking for a temporary suspension, what are we talking about  
12 temporary here. Because when we did this, I felt pretty  
13 strongly about going for the 60-day jail time because we  
14 were losing a lot of horses.

15 I can understand now we have an unintended  
16 consequence of having done that, but what does it mean, are  
17 we going temporary or are we going temporary how long, next  
18 year, this year, two years?

19 STAFF SERVICES MANAGER I WAGNER: I believe that  
20 would be up to the Board. Right now the request from CARF,  
21 as I'm understanding it, is for this fair season, and the  
22 60-day rule will not be in effect as of the close of the  
23 Fresno race meet, which means that the horses would be able  
24 to leave the day after.

25 CHAIRPERSON SHAPIRO: Yeah, but I think Marie's

1 asking what is the difference -- why should we just not  
2 suspend this provision of this rule, why are we doing it  
3 temporarily. I think that's your question, is it not?

4 VICE CHAIRPERSON MORETTI: Well, we would  
5 also --

6 STAFF SERVICES MANAGER I WAGNER: We would have to  
7 do a rule change to make it permanent.

8 CHAIRPERSON SHAPIRO: Okay.

9 STAFF SERVICES MANAGER I WAGNER: If that's  
10 something -- if the Board wishes for us to make this a  
11 permanent condition, we would have to do a rule change to  
12 eliminate the fair --

13 CHAIRPERSON SHAPIRO: Okay. It's a way to  
14 facilitate doing it now.

15 VICE CHAIRPERSON MORETTI: I'm open to considering  
16 it, but I would like to know that we can measure it in some  
17 way. I mean, you know, you're saying this is going to keep  
18 horses to come -- Washington or Arizona will send their  
19 horses back. Well, I'd like to know next year that, indeed,  
20 they did.

21 MR. KORBY: Well, we could look at how to do that.  
22 I'd be glad to, first of all, go back and see if there's --  
23 if we can look at any measurable impact from last year and  
24 what happens this year, as well.

25 By way of answer to your previous question, I

1 would offer that in our letter we characterized this as a  
2 limited waiver and that it would be in effect only for this  
3 year. And the limited waiver would go into effect on the  
4 day after Fresno Fair ended, so it would be for this year  
5 only and on a limited basis.

6 CHAIRPERSON SHAPIRO: So in the intervening period  
7 we can come back, we can look at it, and we can then  
8 determine whether we want to move forward with the rule  
9 change to do it on a more permanent basis.

10 MR. KORBY: And I think it's also important to  
11 know, and I think this speaks to your question, the 60-day  
12 rule remains in effect for the fair circuit, it just doesn't  
13 remain in effect after Fresno.

14 VICE CHAIRPERSON MORETTI: Okay.

15 COMMISSIONER HARRIS: Yeah, I think it's a fair  
16 rule because it sort of an unintended consequence if Fresno  
17 runs so late. I mean, I like the rule, but I'd move that we  
18 accept this limited waiver.

19 CHAIRPERSON SHAPIRO: All right. Is there a  
20 second?

21 COMMISSIONER BIANCO: Second.

22 CHAIRPERSON SHAPIRO: All in favor?

23 (Ayes.)

24 CHAIRPERSON SHAPIRO: Consider it temporarily  
25 waived.

1           Okay, Number 9. Jackie, you go right ahead.

2           STAFF SERVICES MANAGER I WAGNER: Well, you  
3 probably know just as much or more. Anyway, Jacqueline  
4 Wagner, CHRB staff.

5           This item, the clarification for the drainage of  
6 the synthetic racing surfaces addresses the polytrack  
7 installation.

8           As you know, the Board, at its May meeting,  
9 adopted an amendment to Rule 1433 that would require certain  
10 thoroughbred tracks to install a polytrack synthetic type  
11 surface not later than January 1.

12           In addition, we adopted an amendment to Rule 1472,  
13 which exempted the polymer track type surfaces from the  
14 cross-slope requirements of the organic race tracks.

15           At the April Board meeting our Chairman expressed  
16 concern regarding the installation and how the drainage  
17 system would be addressed.

18           We were assured that that particular item, as it  
19 applied to the drainage system, would be addressed at the  
20 time of the installation of the polytracks. The concerns  
21 continued to persist regarding exactly what we are going to  
22 be requiring.

23           And this issue really is placed before the Board  
24 to discuss and to clarify that the installation of any  
25 polytrack type synthetic surface will require that the

1 racing surface also install a proper drainage system.

2 CHAIRPERSON SHAPIRO: This issue was simply to  
3 make sure that when we're talking about installing synthetic  
4 surface tracks, that what we're talking about is a system,  
5 we're not just talking about the top layer that the horses  
6 run on. And so I simply wanted to clarify that what we're  
7 talking about is the entire system and not just a part of  
8 the system.

9 And so, therefore, I would like to see that we  
10 take action so that we clarify that any approval of a  
11 synthetic surface includes the entire system, which would  
12 include any drainage components, as well.

13 EXECUTIVE DIRECTOR FERMIN: And this was really  
14 kind of a housekeeping thing, because when we went through  
15 the transcripts, we couldn't see that it was specifically in  
16 the transcript, although the concept, everybody has assured  
17 us, that that's what their plan was.

18 CHAIRPERSON SHAPIRO: Right. Therefore, I'll  
19 entertain a motion to --

20 STAFF SERVICES MANAGER I WAGNER: Jack has --

21 CHAIRPERSON SHAPIRO: Oh, I'm sorry, how can I  
22 miss you? Mr. Liebau, please speak.

23 MR. LIEBAU: I might change your mind.

24 CHAIRPERSON SHAPIRO: Yeah, you can't change your  
25 mind.

1           MR. LIEBAU: I know that. My name is Jack Liebau,  
2 from Hollywood Park who, as was announced yesterday, that we  
3 are putting in a synthetic track. I have to admit that I do  
4 not have any approval from the California Horse Racing Board  
5 as to the nature of that track.

6           I really wonder whether the California Horse  
7 Racing Board should get in the business of approving these  
8 tracks. I mean, I know that there is concern about the  
9 subsurface, but there are -- we've had subsurfaces for dirt  
10 tracks for years here, in California, and the Board has not  
11 expressed any interest in that.

12           I really don't know what you think is a proper  
13 subsurface, and how you're going to make that determination,  
14 and what experts you have to make that determination.

15           We, at Hollywood Park, will be installing a  
16 subsurface. It has been designed by a geotech engineering  
17 firm and another engineering firm that's doing the drawings,  
18 out of Lexington, Kentucky.

19           I would say that I think that anybody that puts in  
20 a synthetic track, or at least I hope that I was doing the  
21 right thing in negotiating the contract, in getting certain  
22 representations as to the suitability of the material that  
23 is being put on top, and I have to assure you that with  
24 respect to the warranty that we got, it was necessary for  
25 the company that's providing the synthetic material to

1 approve the subsurface in order to guarantee its usefulness  
2 over a certain period of time.

3           So I really think that, you know, the economics of  
4 the situation are taking care of themselves. I really can't  
5 see how anyone is going to install a synthetic track  
6 without, one, getting a guarantee, and I can tell you that I  
7 don't think any manufacturer of the synthetic material is  
8 going to put the material on without having some assurance  
9 regarding the subsurface.

10           And, you know, I guess maybe I'm a free enterprise  
11 guy, but I mean, I don't understand, you know, how you're  
12 going to make a decision that one synthetic track is better  
13 than another, or one subsurface is proper and another  
14 subsurface isn't.

15           I mean, I've got five miles of drainage pipe  
16 that's going in and, you know, they tell me that that's  
17 sufficient, and I don't know whether -- if you think I need  
18 six miles. I mean, I don't know where we go, you know, or  
19 where this is all going --

20           CHAIRPERSON SHAPIRO: Well, let me ask you a  
21 question.

22           MR. LIEBAU: -- and maybe I'm at a disadvantage  
23 because I don't know what you were going to -- your motion  
24 was going to be, Mr. Shapiro.

25           CHAIRPERSON SHAPIRO: Okay, let me ask you a

1 question. Could somebody make a case that the track that  
2 currently exists at Hollywood Park is a synthetic racing  
3 surface? Could somebody say --

4 MR. LIEBAU: I don't know if you can make that  
5 argument at Hollywood Park. I might make a pretty good  
6 argument that the track at Bay Meadows is.

7 CHAIRPERSON SHAPIRO: Okay, whichever one.

8 MR. LIEBAU: It has sports grids and stabilizers  
9 in it, and some people would consider it to be a synthetic  
10 track.

11 CHAIRPERSON SHAPIRO: Fine. So the reason that I  
12 wanted to do this was to try and define what it is we're  
13 talking about. I agree with you, I don't want the Board to  
14 be in the position to tell you you're only putting in five  
15 miles of drainage, we think you need 5.21 miles of drainage.  
16 That's certainly not the intent.

17 MR. LIEBAU: Well, knowing myself, I'd rather have  
18 you guys in the bag with me. If you want to approve what  
19 the subsurfaces should be, then I'd have somebody to blame  
20 besides myself.

21 CHAIRPERSON SHAPIRO: Okay. But what we don't  
22 want either is for somebody to say that, gee, the track that  
23 exists at Bay Meadows, because you used that name, is a  
24 synthetic surface because it has sports grids, and it's got  
25 stabilizers, and so forth. So what I think the intent of

1 the board was, was what we are commonly calling polytrack,  
2 cushion track, tapeta footings, which every presentation we  
3 saw included a drainage system to accommodate the material  
4 on top, along with other components. And I'm not trying to  
5 define the components, other than saying it's a system.

6 And not get hung up on somebody that comes in and  
7 says, well, Bay Meadows has already got a synthetic track,  
8 so we're there already. That's -- and I don't know how to  
9 get around it, either.

10 But I think that everybody's intent was that what  
11 we're talking about is a synthetic racing surface similar to  
12 the ones that we have seen and generally include drainage,  
13 you know, a drainage base and a top layer of fiber, wax-  
14 coated material, and sand, or whatever else. That's all  
15 this is trying to do.

16 Because I didn't want anybody to say, well, okay,  
17 Bay Meadows is a synthetic track.

18 MR. LIEBAU: Maybe it is, I don't know what the  
19 definition is. I'm not here arguing that that's the case  
20 but, I mean, you asked me and --

21 CHAIRPERSON SHAPIRO: So I don't know how the  
22 Board does this, other than to express its intent of what  
23 we're talking about, without being specific.

24 Because we're not trying to handcuff you and tell  
25 you how many feet or miles of rock you'd have to put in on

1 the base and --

2 MR. LIEBAU: Or the nature of the rock is also  
3 another specification that you're into --

4 CHAIRPERSON SHAPIRO: Well, I understand, and  
5 we're not doing that.

6 MR. LIEBAU: -- as to the voracity of the rock. I  
7 mean, this thing's kind of complicated.

8 CHAIRPERSON SHAPIRO: I know it's complicated, and  
9 that's why we're going to generally -- we don't want to be  
10 in the business of specifying for you exactly what rock  
11 you're using, but we want to make sure it's a system.

12 Perhaps Mr. Fravel, who's brighter than both of  
13 us, could tell us.

14 MR. LIEBAU: No, and he's been acclaimed as the  
15 expert of the CHRB on synthetic tracks, too, so I'm glad to  
16 defer to Mr. Fravel.

17 CHAIRPERSON SHAPIRO: I didn't know that.

18 MR. LIEBAU: Yes, that was mentioned at one of the  
19 meetings.

20 CHAIRPERSON SHAPIRO: Wow, he's got a lot of  
21 titles, then.

22 MR. FRAVEL: Mr. Liebau has a better memory than I  
23 do. But Craig Fravel, Del Mar Thoroughbred Club.

24 I was coming up here to agree with Jack. So I  
25 would only suggest that you look at your application and

1 require, in the future, once this rule is in place, that  
2 tracks include in their application a description of the  
3 drainage system and file plans with the Board, so that you  
4 have the opportunity to verify that there is an adequate  
5 drainage system.

6 I can tell you, having worked on this for a long  
7 time, and not becoming an expert, but given our climate out  
8 here, certainly Del Mar is a different situation, from a  
9 drainage stand point than Bay Meadows would be, because they  
10 have a much more significant rainy climate and we run only  
11 in the summertime.

12 So even the manufacturers might tell you that what  
13 they might do in the UK, for example, they wouldn't do at  
14 Hollywood Park.

15 So if it were me, I would just modify the license  
16 application to require a description of the drainage system  
17 and then some insurance by the Association that it's  
18 adequate for safety and performance standards of the  
19 synthetic surface.

20 COMMISSIONER HARRIS: Yeah, I don't see where we  
21 need -- I mean, the main clout that the Board has is we can  
22 either authorize or not authorize the racing dates. I mean,  
23 we could just say we're not going to give you dates because  
24 your track is not state of the art and we don't want to do  
25 it. But it's pretty tough to say exactly what that is.

1           CHAIRPERSON SHAPIRO:  And I'm not trying to say  
2 exactly.  I'm trying to just have general statements that  
3 everybody's clear and nobody can find a way through a  
4 loophole to say, hey, we've already got a synthetic track,  
5 it's not what we're talking about.

6           COMMISSIONER HARRIS:  Oh, no, I think we're going  
7 to control that just by the dates.

8           VICE CHAIRPERSON MORETTI:  It says "requires the  
9 installation of proper drainage system," it doesn't  
10 define --

11          MR. LIEBAU:  What proper is.

12          VICE CHAIRPERSON MORETTI:  -- what proper is.

13          MR. LIEBAU:  That's my point,  
14 Commissioner Moretti, I couldn't have said it better.  
15 I couldn't have said it better.

16          CHAIRPERSON SHAPIRO:  All right, would you like  
17 adequate?  Accompanying?

18          MR. LIEBAU:  I don't know, it kind of scares me  
19 when you start talking about putting it in an application  
20 and the track's paying, say it's eight or ten million  
21 dollars, and you come in here and you've got the application  
22 for a license and somebody says, oh, you know, I've been  
23 talking to Joe out there and we don't think it's adequate,  
24 even though we've had geotech engineers, and everybody else,  
25 you know.  So that's bothersome to a track, I would assume.

1           CHAIRPERSON SHAPIRO: Well, let me ask you a  
2 question. Understanding what our motive is and knowing that  
3 you're a highly skilled attorney, and you've negotiated an  
4 agreement already with a vendor, what language would you  
5 suggest, that doesn't handcuff you, that also would  
6 accomplish the purpose of what we're trying to state?

7           MR. LIEBAU: I think anybody that puts in an  
8 investment of this nature is going to do the right thing  
9 without any governmental interference. That's my position.

10           I just don't see how you can pass a rule that says  
11 something has to be proper.

12           I mean, you know, we've engaged geotechnical  
13 engineers to do this. I mean, if you want to do it ahead of  
14 time and you have geotechnical engineers, and they can  
15 discuss, and if they can't agree, then we'll have  
16 arbitration.

17           CHAIRPERSON SHAPIRO: Well, would you be okay with  
18 sufficient or adequate?

19           MR. LIEBAU: Whatever, you know, at this point in  
20 time I'm going to have my track in before you guys have any  
21 rules.

22           (Laughter.)

23           MR. LIEBAU: So, you know, let's be practical  
24 here.

25           CHAIRPERSON SHAPIRO: You've still got another

1 track to go.

2 MR. LIEBAU: I do have another track to go. And  
3 the drainage system, I can tell you, that's been designed at  
4 Bay Meadows differs from the one at Hollywood Park because  
5 there's more rain up there.

6 CHAIRPERSON SHAPIRO: Okay. Again, I'm not trying  
7 to over-complicate it and we could do it -- if we can do it  
8 in a license application, I just want to make sure that no  
9 one can come in and say, well, we've already got a synthetic  
10 racing surface because we have some fibers, and some  
11 stabilizers, and some sports grids, and sand, which is what  
12 is the top layer of the surface that we're talking about.

13 And I think that we would be well-served to find  
14 some general language that can express what our intent is,  
15 and I don't know if perhaps we should ask Derry, or  
16 somebody, who could come up with some general language so  
17 that we're not micro-managing the tracks, that's not the  
18 intent, but to just clearly define what the intent of the  
19 Board was.

20 Does anybody have a problem with that?

21 DEPUTY ATTORNEY GENERAL KAUFMAN: The only thing I would say,  
22 if I'm going to be doing that, I'm going to need input from  
23 the people that are doing this because, I mean, I can see  
24 the issue. I mean, obviously, there is a difficult -- if  
25 you want it to be specific enough, but general enough,

1 that's kind of a difficult thing to do.

2 CHAIRPERSON SHAPIRO: Well, what I want is  
3 something that is general in nature, so that we're not  
4 specifically mandating to the tracks how to do it, but also  
5 expresses the intent of the Board of what the Board's action  
6 was by approving these tracks.

7 And we get into cross-slope and all those other  
8 things, if we're going to get into cross-slope, we might as  
9 well at least be able to say that the type of synthetic  
10 surface track that we're looking at includes these  
11 components, and that's all I'm trying to say.

12 The tracks, themselves, can determine whether or  
13 not they're adequate and they'll present it to us in their  
14 application.

15 EXECUTIVE DIRECTOR FERMIN: Derry, wouldn't that,  
16 as Mr. Liebau said at the very beginning, is if they're  
17 going to have a warranty or guarantee the success of their  
18 surface, they're going to also demand that there be a proper  
19 drainage for that surface. Can we do something along those  
20 lines, just the fact that they're prepared to stand by the  
21 track for, what is it, ten years, or I don't know what the  
22 warranties are.

23 DEPUTY ATTORNEY GENERAL KAUFMAN: You know, I  
24 don't know, it depends on how substantial the company is  
25 that's behind it. But, yeah, I understand. I think what

1 you just suggested might be more doable to have a -- to come  
2 up with a list that basically lists the components of a  
3 track --

4 CHAIRPERSON SHAPIRO: Correct.

5 DEPUTY ATTORNEY GENERAL KAUFMAN: -- in very  
6 general terms, I guess, and I think that maybe we can come  
7 up with something like that.

8 CHAIRPERSON SHAPIRO: So why don't we then, what I  
9 would suggest is that we ask you to come back to us at the  
10 next meeting, you know, we can put this back on the agenda,  
11 or we could -- I don't know if we could approve this, with  
12 the understanding that you'll write some general language  
13 that would clarify what is our intent. I don't know what  
14 the Board's --

15 DEPUTY ATTORNEY GENERAL KAUFMAN: I think you need  
16 something more specific than that.

17 CHAIRPERSON SHAPIRO: Okay.

18 COMMISSIONER BIANCO: Jack, do you have  
19 performance, any performance data that you want this track  
20 built to?

21 MR. LIEBAU: Yeah, as far as the engineering specs  
22 are concerned, yes. As far as the grading, what Mr. Shapiro  
23 said about the sloping, you know, all the regulation, a rule  
24 that was changed was that you didn't have to have banked  
25 turns. Hollywood Park will continue to have banked turns,

1 as does Ling Field, in England, and everybody else.

2 But the change that you made was that if you  
3 wanted to have it absolute level, you could have that.

4 CHAIRPERSON SHAPIRO: I understand that. I  
5 understand that.

6 COMMISSIONER HARRIS: I thought the turns were  
7 still going to be banked, it was just the straight-a-ways  
8 didn't have to be banked.

9 MR. LIEBAU: I don't know, John, we're going to  
10 have --

11 COMMISSIONER HARRIS: I think it's just -- all we  
12 want, really, is the safest state-of-the-art track, and I  
13 don't think we really know exactly what that is, and it's  
14 going to be --

15 MR. LIEBAU: That's my point. I think that, you  
16 know, through these -- you know, I hate to say that we're in  
17 a stage of experimentation because of the amount of money  
18 that we're talking about. And I'm not too sure exactly how  
19 much we're talking about and something came to mind, I hope  
20 this damn track isn't like some kitchen my wife remodels,  
21 you know, that could be a big problem for me.

22 But in any event, I mean, we're going to learn  
23 from what we're doing. And somebody who puts in the second  
24 track is probably going to be better, and the fourth one  
25 might be really super. But, you know, I think that's where

1 we are.

2 CHAIRPERSON SHAPIRO: Well, I, for one, certainly  
3 appreciate that you're moving forward at Hollywood Park.  
4 And again, our intent is just to make sure that there isn't  
5 some loophole, when none of us are sitting here on this  
6 Board, and someone else can claim that they have a synthetic  
7 track, which was not the intent of the Board. And I just  
8 want to make sure it's clear.

9 VICE CHAIRPERSON MORETTI: I do, I like the  
10 suggestion that Craig Fravel had, that perhaps we add  
11 something in the application that talks to the -- that  
12 verifies that --

13 CHAIRPERSON SHAPIRO: Each of the components.

14 VICE CHAIRPERSON MORETTI: -- the polytrack, the  
15 synthetic track has passed X kind of rules.

16 I'm not a plumber, I would never be able to go  
17 there and figure out if it had the proper drainage, until it  
18 rained and I saw it overflowing.

19 CHAIRPERSON SHAPIRO: Right. Okay, so Jackie,  
20 will you come back to us with this.

21 STAFF SERVICES MANAGER I WAGNER: Absolutely.  
22 What I'm going to do is, based on the conversation we just  
23 had and based on the suggestion that Craig Fravel did give,  
24 go back and amend the application. You're going to see  
25 another amended application that would include, basically, a

1 requirement that the Association submit to us a description  
2 of the track, along with some type of guarantee from the  
3 people who put the track in that this track does have  
4 drainage that is adequate, or whatever language that we come  
5 up with that will support the --

6 CHAIRPERSON SHAPIRO: And please work with Derry,  
7 with respect to some general language that could describe  
8 the intent of the board.

9 STAFF SERVICES MANAGER I WAGNER: Absolutely.

10 CHAIRPERSON SHAPIRO: Okay. The next item on the  
11 agenda is a discussion and action by the Board on the  
12 proposed amended to CHRB Rule 1582-Form of Entries.

13 STAFF SERVICES MANAGER I WAGNER: Jacqueline  
14 Wagner, CHRB staff.

15 Rule 1582, which is the form of entries and  
16 declarations, provides that the entries and declarations be  
17 made in writing on the forms provided by the Association.  
18 In addition, the rule specifies that entries may be made by  
19 telephone and are valid if they are properly confirmed in  
20 writing.

21 As you know, that the Board, on May 1st issued a  
22 directive that temporarily waived the requirement of written  
23 verification of phone entries. At that meeting, staff was  
24 directed to contact the industry to get some input from the  
25 industry as to how the procedure actually was working.

1           We did that. We contacted the racing secretaries  
2 from Golden Gate Fields, Bay Meadows, Santa Anita, Del Mar,  
3 and we did speak to those racing secretaries. And by far  
4 the consensus was that they are, indeed, accepting telephone  
5 entries without written verification, and that this was a  
6 long-standing practice.

7           The majority of the racing secretaries also  
8 indicated that the telephone entries was the preferred  
9 method of making entries.

10           As a result of that information, we have gone  
11 through -- staff has gone through and proposed an amendment  
12 to Rule 1582, conditions of race meeting, that will allow  
13 associations to accept phone entries by telephone,  
14 facsimile, or any other electronic method that it deems  
15 appropriate. In addition, the association may require  
16 written confirmation of such entries and gives the  
17 association the discretion to do that, which is the current  
18 practice.

19           We have incorporated Rule 1432 into this rule,  
20 which allows them to do that as the conditions of their race  
21 meeting.

22           So the amendment would say, "as a condition of the  
23 race meeting, under Rule 1437 of this division, entries may  
24 be made by telephone, may be made by facsimile, or any other  
25 electronic method deemed appropriate by the association, and

1 the association may require a written confirmation of such  
2 entries."

3 The staff would recommend that the Board direct us  
4 to initiate the 45-day comment period.

5 CHAIRPERSON SHAPIRO: Does anybody have any  
6 comments on this? I, certainly, would recommend we approve  
7 this.

8 COMMISSIONER HARRIS: I think it's fine. The only  
9 part that is always going to be somewhat of an irritant is  
10 who can really -- the first line, which you're not changing,  
11 is saying that the interest declarations shall be in  
12 writing, on the form provided by this association, and  
13 signed by the owner, his authorized agent, and the trainer,  
14 or whoever's designated by the trainer.

15 In actuality, what often happens it's whatever  
16 jock's agent just happens to walk by that day is really  
17 airing the horse. And I think maybe we need to look,  
18 without necessary doing this rule, but if jock agents are  
19 going to be entering, there should be something formalized  
20 between the trainer and the jock's agent that he does want,  
21 in fact, that given jock's agent to act as his  
22 representative.

23 CHAIRPERSON SHAPIRO: Okay, is anybody from CPT or  
24 TOC here to comment on that?

25 EXECUTIVE DIRECTOR FERMIN: Generally, I think

1 most of the racing offices are well aware of who's entering  
2 for whom. The entries, where there is an error, are few and  
3 far between along those lines and then, if there is a  
4 problem, the jock's agent and/or the trainer, whoever they  
5 determine is culpable, is generally sanctioned.

6 CHAIRPERSON SHAPIRO: All right, I'm fine with it.  
7 I think if it seems to pass muster with all the racing  
8 secretaries, and I don't think it's been a problem in the  
9 past, although Mr. Jim Gotchen (phonetic), might disagree.

10 Therefore, I'll entertain a motion to approve it.

11 COMMISSIONER BIANCO: Moved.

12 CHAIRPERSON SHAPIRO: There's a move. Second.

13 All in favor?

14 (Ayes.)

15 CHAIRPERSON SHAPIRO: Okay. All right, I've been  
16 trying to move this along fast so we could get to this item,  
17 because this is one item where I would like there to be some  
18 discussion, and I recognize it's a long agenda. I don't  
19 think after this there's going to be a long discussion on  
20 the remainder of the issues. So I know it's late in the  
21 day, but we did get a late start.

22 This item is a discussion and it should not read  
23 "action by the Board on future race dates and strategic  
24 planning," because it's certainly not the intent, in my  
25 mind, that we're going to take any action.

1           In the past race dates was named race dates. We  
2 then changed it to race dates and strategic planning. And  
3 there is a Race Dates and Strategic Planning Committee, but  
4 in light of the issues at hand, it was thought to bring this  
5 directly to the Board for discussion, and this is an item  
6 which I believe should take a series of discussions and  
7 meetings to try and address where are we going in California  
8 and what's the future.

9           As everybody in the room knows, there are two  
10 tracks that may, in the future, at some unknown time, and at  
11 some unknown date, could possibly close, and there could be  
12 more than two. Therefore, the thought, at least my thought  
13 has been, that it would be prudent for us, as an industry,  
14 to look to where are we going in the future and how are we  
15 going to plan a racing program in the thoroughbred side of  
16 the business that would allow for a cohesive and an ongoing  
17 program to perpetuate and enhance thoroughbred racing  
18 throughout the State.

19           We had had some meetings that had been amongst  
20 some of the stakeholders in the industry, and in those  
21 meetings there have been various proposals or ideas put  
22 forth that in the event of certain tracks closures that  
23 there would be opportunities to race in other locations.

24           It seems to me that we have to stand back and look  
25 at where are we going, how are we doing with what we're

1 doing today, and what can we do to better ourselves.

2           Clearly, as we look at the statistical reports  
3 year after year, and with only a few exceptions are we  
4 seeing growth, it's the Racing Board's job to not only  
5 regulate, but to enhance the racing industry. And I think  
6 too often the Board has been mired in regulating and rule-  
7 making, rather than helping to work with the stakeholders to  
8 enhance racing throughout the State.

9           So I would like it if people would be willing to  
10 come forward and open up the dialogue. I would like to hear  
11 from the fairs, because one of my views has been that the  
12 fairs need to look at their calendar of fairs and look to  
13 see if there are improvements that could be made within the  
14 fairs, and how and where should we be placing our dates to  
15 the maximum benefit of the State.

16           What do we do in the event that one or more of our  
17 tracks ceases to exist for racing, where are we going to  
18 place those racing dates.

19           I recognize that this is a discussion that can be  
20 threatening to some, and heated, but it's not the intent to  
21 make it that way. Hopefully, everybody will stand back and  
22 enhance the business.

23           So with that, I'd like to open this discussion up  
24 to both the Commissioners and to anybody in the audience  
25 who's brave enough to come up and talk.

1 MR. CASTRO: Did you want to start with the  
2 Commissioners, first, or are you going to let me go first?

3 CHAIRPERSON SHAPIRO: No, let's do it calmly and  
4 listen to you, calmly.

5 MR. CASTRO: Well, you're in luck. My name is  
6 Richard Castro, representing Parimutuel Employees Guild, and  
7 the reason why you're in luck, I've got my boss, the little  
8 gentleman next to me, so I will behave.

9 You mentioned something about the fairs. Oh,  
10 good, here comes Chris.

11 I'm a little bit concerned, it looks to me like,  
12 from your opening statement, and I don't mean to be  
13 contentious on this, that you seem to be encouraging ideas  
14 of where you want the fairs to go if, in fact, let's say Bay  
15 Meadows decides to close.

16 Well, I'm taking the opposite point of view. I'm  
17 saying that maybe you should be looking at the private  
18 tracks more so than supplemented tracks, that you should be  
19 looking more toward enhancing racing at the major tracks,  
20 that maybe you should be looking more toward moving some of  
21 those dates to Golden Gate Fields, say, rather than to the  
22 fairs. Your statement kind of alarmed me.

23 CHAIRPERSON SHAPIRO: And you need not be alarmed  
24 because my statement was not at all intended to suggest  
25 anything.

1           MR. CASTRO: Then let me ask a question of you,  
2 that maybe you can ask a question of others, because  
3 apparently you had meetings, which is okay, I have no  
4 problem with this, that you've had meetings with others in  
5 the industry regarding the subject. Is there, in fact,  
6 meetings going on where the fairs are already planning to  
7 figure out how they're going to cut up Bay Meadows racing  
8 days, have you had any of those discussions?

9           CHAIRPERSON SHAPIRO: I, personally, have not had  
10 any of those discussions. I have not had -- I have met  
11 with, I believe, nearly everybody in the industry that I can  
12 think of, to ask their vision and bring them together to  
13 discuss this subject, including you.

14           However, I have not seen a calendar, I have not  
15 put forth a calendar, I've not suggested a calendar. What I  
16 have suggested to the fairs is that in my mind, and this is  
17 just me speaking, that it would appear to me to be more  
18 productive if some of the fairs, which race two weeks at a  
19 time, would look to consolidate some of their fair dates and  
20 race them at one venue, or two venues, or three venues, such  
21 as they would have a longer race meeting at a venue that  
22 would generate more business, retain more horses for the  
23 industry.

24           Let's use Santa Rosa. Santa Rosa put in a turf  
25 course last year. Other than Santa Rosa, I'm not aware of a

1 fair, except for perhaps Bay Meadows, because they have a  
2 turf course, where there's turf racing afforded to those  
3 horses. So does that mean those horses leave the State,  
4 does that mean those horses have to go elsewhere?

5           So in my mind, and I don't want to pick any fair,  
6 rather than running two weeks at Timbuktu, and some other  
7 place, maybe at Santa Rosa they should have a six-week meet  
8 and they run six weeks, two of which are for them, and two  
9 are for Timbuktu, and two are for the other guy, but it  
10 would provide some consistency and provide that there could  
11 be some momentum built up at a fair, which would generate  
12 more income for the fairs, more opportunity for the  
13 horsemen. That's what I've suggested.

14           And I'm anxious to hear from the fairs because  
15 they said that they were going to look at that. Now, other  
16 than that, I've had no other discussion.

17           MR. CASTRO: I'd be more than happy to step aside.  
18 I'd love to hear from CARF, tell us how much additional  
19 money they're willing to put into promoting the fairs. I  
20 would love to hear that. I would love to hear how CARF is  
21 taking these great steps to go out and find more horses, new  
22 owners, new trainers from out of the state, and bring them  
23 in here to California. I would love to hear that. I will  
24 gladly step aside.

25           CHAIRPERSON SHAPIRO: Great, thank you.

1           MR. KORBY: Chris Korby, California Authority of  
2 Racing Fairs.

3           As always, dates is a complicated issue. To  
4 respond, part by part, to some of the issues that have just  
5 been mentioned, fairs have had discussions, serious  
6 discussions about what the future of the racing calendar  
7 will look like.

8           Most fairs that conduct live racing are based in  
9 Northern California, so most of the focus of conversation  
10 has been on Northern California.

11           There's a huge unknown in the not-to-distant  
12 racing calendar. What happens to Bay Meadows, is Bay  
13 Meadows going to continue to race or is Bay Meadows not  
14 going to continue to race.

15           So there are a number of variables involved.  
16 There's much more of an issue than will fairs consider  
17 consolidation one with the other, does that make sense, how  
18 could it happen, over what time frame, would fairs agree to  
19 it.

20           We've had those discussions, there's not a  
21 resolution to that.

22           Bear in mind that most of these fairs,  
23 particularly the fairs that conduct racing in Northern  
24 California are long-standing institutions in their  
25 communities. Some of them have conducted racing for 150

1 years, and it's an integral part of their fair.

2           So asking a fair to consider moving its dates to  
3 another venue is a really serious matter for each of those  
4 fairs. I think it's important that the Board appreciate  
5 that about the discussions that our group is having amongst  
6 themselves.

7           There is one other aspect of this that I think  
8 it's important to look at for longer-term future planning,  
9 and that is what we're seeing already, the impact of rising  
10 real estate valuations for those privately owned tracks,  
11 tracks that are owned by the operators.

12           There's going to come a time when those tracks,  
13 and I think we're already seeing it at Bay Meadows, the  
14 owners of those tracks recognize that they can make more  
15 money, the highest and best use of that asset is for a  
16 purpose other than racing. That's a serious matter for this  
17 Board, it's a serious matter for our industry. What will  
18 the future be?

19           We would offer, as a consideration, that fairs,  
20 which are publicly owned entities, could be part of that  
21 future. And by way of example, and precedent, I will point  
22 to Del Mar. Del Mar is -- the facilities at Del Mar are  
23 owned and were built by the 22nd District Agricultural  
24 Association. They're run very well. We all acknowledge  
25 it's the finest racing in California, among the finest in

1 the world.

2 I look at that precedent as an example of the kind  
3 of public/private partnership that could be part of the  
4 future for California racing.

5 So those are a few observations coming from me, as  
6 a representative of the fairs.

7 VICE CHAIRPERSON MORETTI: Mr. Korby, could I -- I  
8 appreciate what you said, but without putting words in his  
9 mouth, I think what the Chair was talking about was an issue  
10 that we've talked about before, in the past, the whole  
11 notion of consolidation, and that fairs would be creative,  
12 be inventive. Not necessarily stick with something just  
13 because it's been 150 years worth of tradition.

14 Horse racing in California is all about tradition.  
15 And which I think, frankly, and to my personal opinion, is  
16 part of the problem with horse racing right now, because  
17 everybody's been stuck in the mud, so to speak.

18 So back to the idea of the Board requesting that  
19 we hear from you what the fairs have talked about and, so  
20 far, I didn't hear anything new of what the fairs have  
21 talked about.

22 Del Mar is an outstanding example, I agree with  
23 you, but is that something new that you've talked about? We  
24 know that there is a serious threat to the whole racing  
25 industry because there are potentially, one, two, maybe

1 three, maybe all of them will go away, I don't know. I  
2 mean, I don't have a crystal ball.

3 But we would like to hear what the fairs plan to  
4 do to keep themselves afloat. Because, you know,  
5 saying -- we're not trying to threaten with the idea that  
6 maybe the Race Dates Committee would like to see instead of  
7 two weeks here, six weeks of -- the Chairman just gave an  
8 example of.

9 I mean, would you actually think that it would be  
10 better to have two weeks of a ho-hum fair, or the same thing  
11 happens that has happened for 150 years, that would be  
12 better than potentially having a six-week, you know,  
13 existing, thriving event in the community that brought many  
14 more revenues and potentially more jobs, and more excitement  
15 to the community.

16 And, also, mitigated any loss of revenue to the  
17 fairs that might give up some dates and times.

18 I mean, I would like to hear you say that you  
19 would be open to thinking and talking about that, and I hear  
20 you say that you're closed to thinking and talking about  
21 that.

22 MR. KORBY: I'm sorry, you heard me say that what?

23 VICE CHAIRPERSON MORETTI: To my mind, what I  
24 heard you say is that you do not want to hear or talk about  
25 consolidation of the fairs.

1 MR. KORBY: No, the fairs are discussing that.

2 VICE CHAIRPERSON MORETTI: Well, I thought --  
3 maybe I'm not understanding, but I thought that that was the  
4 question and I didn't hear you answer that.

5 CHAIRPERSON SHAPIRO: Chris, let me be, then, more  
6 direct. Okay? The way we're doing it is not working.  
7 Okay. I see that we get up here and we rubber stand these  
8 two-week meets. And somebody's going to sell hats, and  
9 somebody's going to run a shuttle. That's not working.

10 And the bottom line is that you guys are in  
11 jeopardy of not getting the amount of money that you've  
12 gotten in the past. The money that you get from racing is  
13 not coming back and benefiting racing.

14 Now, we're the California Horse Racing Board. Our  
15 job is to find the best way to make racing in the State of  
16 California work. And I appreciate all the history and  
17 tradition, but the history and tradition isn't going to pay  
18 the bills.

19 So what I'm hoping, and it doesn't just come down  
20 to you, is some of us in this industry have got to be  
21 forward thinking in saying, you know what, we're not doing  
22 such a hot job. What can we do different, how are we going  
23 to turn it around and make racing sustain itself.

24 We all hope that there's the magic bullet, whether  
25 it's instant racing, it's slot machines, whatever it is.

1 But racing's got to improve itself.

2 Now, the fairs have to be a part of that. And  
3 what I don't see is how, by going to a bunch of run-down  
4 fairs, fair facilities that are not improved, whereas if  
5 there's a chance to improve a few of them and they are new  
6 and exciting, and generate more revenue for the fair  
7 districts, and for racing, then shouldn't we look at that.

8 And we're asking you and I have asked you for over  
9 a year, when we met at Los Alamitos a year ago, I said, I  
10 want you to come forward with a plan so that we could look  
11 at trying to change the direction of horse racing. And it's  
12 not to slight any particular fair, but I don't see revenues  
13 being generated by these fairs that are benefitting horse  
14 racing.

15 So we're asking you what's your plan. And, yes,  
16 your plan should be there's plan A, plan B, and plan C.  
17 Plan A is Bay Meadows is in existence. Plan B is Bay  
18 Meadows goes away. Plan C is that Bay Meadows and Golden  
19 Gate go away. I don't know.

20 But we need people to start thinking out of the  
21 box. I don't understand why you or anybody else in this  
22 industry isn't willing to look at contingency plans of how  
23 we're going to save the horse racing business in California.

24 It's not okay to just do the same old, same old  
25 anymore.

1 MR. KORBY: We are looking at that, we're talking  
2 about that.

3 CHAIRPERSON SHAPIRO: When are you going to come  
4 forth and share some ideas? This is the first meeting. We  
5 were supposed to meet on the 12th, that wasn't able to be  
6 done.

7 We were then going to meet on the 9th. Then we  
8 were going to meet on the 15th and 16th. Here we are on the  
9 22nd, and there still are discussions. Those discussions  
10 have to lead to some ideas.

11 COMMISSIONER HARRIS: I agree that we definitely  
12 need to think outside the box and do a clean slate, and all  
13 that, but I don't think -- I mean, it is -- I don't think  
14 some of the problems should strictly be blamed on the fairs.

15 CHAIRPERSON SHAPIRO: I'm not trying -- you're  
16 right. You're right. John, you're right.

17 COMMISSIONER HARRIS: The fairs aren't really  
18 doing anything that different than the other tracks.

19 CHAIRPERSON SHAPIRO: I totally agree with you.  
20 It's unfortunate that he's standing here, because this is  
21 really a speech to everybody. Chris, I apologize for that.

22 COMMISSIONER HARRIS: I think everybody has got  
23 the same -- you know, we've just got kind of stalemate going  
24 on in the whole industry, as far as what are we going to do  
25 if this happens or that happens. And the problem is it

1 could happen pretty fast and we do need, you know, plan A  
2 and plan B.

3 CHAIRPERSON SHAPIRO: That's exactly right. And I  
4 think that the industry needs to hear from this Board. I  
5 mean, yes, I put myself out front and I've been the one  
6 that's been saying we need to do this planning. But I think  
7 that you've heard from Commissioner Moretti.

8 And, again, it is not just directed at the fairs.  
9 I say the same thing to the race tracks. You know, we need  
10 to put a better product forward, we need to put a calendar  
11 that works, that's attractive to the fans, to the wagering  
12 public. We need to get our business back. If this were a  
13 business, we'd go broke because we're not doing a good job.

14 And yes, Richard, it includes labor and all the  
15 other unions. We need to save this industry, how are we  
16 going to do it.

17 COMMISSIONER HARRIS: I think the horsemen need to  
18 be -- you know, have obviously got the biggest investment  
19 and they --

20 CHAIRPERSON SHAPIRO: Absolutely.

21 COMMISSIONER HARRIS: -- need to be coming forward  
22 with some plans, too.

23 MR. KORBY: Well, we appreciate your interest and  
24 are stimulated by your interest to consider these things,  
25 and we are having these conversations.

1           I hope you appreciate that fairs, the institutions  
2 that they are, each of whom is governed by a board, each of  
3 which has deep roots in its community, has to work through  
4 some of these things as a group, and that pace may not be he  
5 same pace that you want to see. But it's happening.

6           The other thing I'd like to offer is that, yes,  
7 we're not the only ones here. I hope this conversation does  
8 not focus on the fairs because I'll tell you why --

9           CHAIRPERSON SHAPIRO: Chris, it's not.

10          MR. KORBY: -- because we're making a commitment,  
11 now, that we're going to stay in racing for the longer term.

12          CHAIRPERSON SHAPIRO: I hope there's racing --

13          MR. KORBY: I don't know that all the racing  
14 institutions in this room --

15          CHAIRPERSON SHAPIRO: -- to stay in.

16          MR. KORBY: -- are willing to make that  
17 commitment.

18          CHAIRPERSON SHAPIRO: Okay, and I understand that  
19 point. And those that are committed, again, Santa Rosa put  
20 in a -- made an investment. They deserve to be rewarded. I  
21 applaud them. Okay. I'm trying to find a way to say, hey,  
22 you guys spend two, three million dollars on a turf course,  
23 let's find a way to thank you and help.

24          So again, this is not directed at the fairs,  
25 please make sure that it's not just at the fairs, okay, that

1 you think it's that way.

2 MR. KORBY: Good, thanks.

3 CHAIRPERSON SHAPIRO: Okay, thank you.

4 MR. CASTRO: May I?

5 CHAIRPERSON SHAPIRO: Yes, there's others in line.

6 MR. CASTRO: I asked if they were in line, I was  
7 courteous.

8 CHAIRPERSON SHAPIRO: Okay.

9 MR. CASTRO: I'm going to make a commitment to  
10 you, also, and people in the room probably aren't going to  
11 believe what I'm going to hear, and so I'm going to put it  
12 on the record for everybody to hear.

13 I'm making a commitment that I'm going to do  
14 everything I can to make Bay Meadows and Hollywood Park live  
15 race tracks here, in California.

16 Jack and I have had numerous discussions over  
17 this, even to the point where he would prefer that I tone  
18 down some of my remarks when I hear about housing projects,  
19 et cetera, et cetera.

20 But I don't give a damn. I'm here to let you know  
21 I want to keep Bay Meadows, I want to keep Hollywood Park.

22 Second, I think the -- and I'm not saying that  
23 this needs to be done tonight, because in a lot of ways I do  
24 support the fairs and what I didn't hear from Chris, but  
25 you'll hear it from me, I can remember when satellite racing

1 came in and the big thing of the industry, we need to get  
2 our product out, we need to expose our product out there.

3 Well, part of the product, like it or not,  
4 whatever side of the fence you are on, the fairs need the  
5 live racing in the outlying areas, that is the product. And  
6 how you want to merge it, whatever, is your decision, I'll  
7 respect it as a regulator.

8 I think it's fair to the room that in the  
9 discussions that you had with our local, and not the other  
10 labor unions, but we will meet. I'm not saying you turned  
11 your back on anybody. We talked about the possibility, and  
12 this was a discussion, there were no proposals, four-day-a-  
13 week racing at maybe some locations, and you were trying to  
14 get educated as to the impact you would have on our  
15 contract, and Walker is here. I think they will -- the  
16 industry will probably say that if there is a reduction of  
17 hours, that they most certainly will open up negotiations to  
18 readjust vacation pay, health coverage, and things like  
19 that.

20 I'm fairly certain that the industry will  
21 cooperate with labor to make all of this work.

22 But I thinking that one alternatives you could  
23 have, and one bright light hit me, which I know Chris is  
24 going to find insulting, but maybe someone can build on  
25 this. You have the situation in Sacramento, where you have

1 the harness meet during the State fair. The bad part that I  
2 saw about that is that it turned away a lot of the mixed  
3 breed people. You know, that the mixed breeds were part of  
4 the fair circuit and then all of a sudden they came to  
5 Sacramento, and there wasn't any thoroughbreds, which  
6 satisfied the industry, I guess, that the horses would get a  
7 rest.

8           Why couldn't the fairs do more with mixed breeds,  
9 rather than with thoroughbreds? I'm offering that as one of  
10 your alternatives.

11           CHAIRPERSON SHAPIRO: All right. Richard, I want  
12 to hear from others. I appreciate it. Again, I'm glad that  
13 you -- I hope that Bay Meadows and Hollywood Park are around  
14 forever. I hope that we can find a way to stipulate racing  
15 and if it's through mixed breeds or, maybe, Cal Expo puts in  
16 another race track, I know there was some discussion, and  
17 they could run thoroughbreds in the day and harness at  
18 night, again, I'm trying to find what can we do as a  
19 contingency plan and also as a plan to stimulate business in  
20 the State of California.

21           So thank you and, perhaps, Mr. Goodrich wishes to  
22 speak.

23           MR. GOODRICH: Richard left me a little room.  
24 Cliff Goodrich, representing Fairplex.

25           We've got about a five- to ten-minute Power Point

1 presentation. The technical expert tells me that you're  
2 probably going to get a better view if you're sitting in the  
3 audience because I guess it's going to be on the big screen  
4 and, otherwise, you'll get blinded. So I don't know if  
5 others have Power Point, but I'm told that's probably the  
6 best way to do it.

7 MR. GOODRICH: Can everybody hear me? The  
8 Chairman mentioned it, but I'd like to reiterate, first of  
9 all I'd like to salute Hollywood Park for the announcement.  
10 I guess, while the Board mandated this by the end of 2008,  
11 it isn't something they had to do this soon. And whether  
12 mandated or not, I guarantee you others will follow. I know  
13 plans are in the works. But I think it's a great step  
14 forward for racing.

15 But as the Chairman said, we're here because we  
16 were invited. Fairplex has always assumed that given the  
17 purchase, and I'll talk about Southern California, of  
18 Hollywood Park, by Bay Meadows Land Company, and without  
19 getting into what they stated in their release, I don't  
20 think there's a doubt in anybody's mind that Hollywood Park  
21 plans on racing through, hopefully, all of 2008.

22 Beyond that, right now, as we stand here today, it  
23 gets a little murky. And until that fog clears, I think it  
24 does only make good sense for this Board to look at a long-  
25 term calendar, because good businesses plan years in

1 advance.

2           Unfortunately, this is difficult business where  
3 we're putting out forest fires every year, there's not a big  
4 enough pie to cut up, and it leads to short-term thinking.

5           But in Fairplex's mind, there probably needs to be  
6 two calendars come out. The first one will probably be a  
7 calendar for 2007 and 2008, that will certainly include  
8 Hollywood Park.

9           What happens beyond that I'm not sure, but that's  
10 why Fairplex and others are here, so that there is  
11 alternatives presented to the industry and this Board, that  
12 others can look at and it is in the spirit of that, that we  
13 have a short presentation today.

14           And to start, I'm going to turn it over to Mike  
15 Cedar. Mike is the Chief Financial Officer and Vice  
16 President of Fairplex. And after his remarks, I'll make  
17 some concluding remarks. Okay, Mike.

18           MR. CEDAR: Thank you, Cliff. Good afternoon,  
19 Commissioners.

20           VICE CHAIRPERSON MORETTI: Good afternoon.

21           MR. CEDAR: I wanted to talk a little bit about  
22 Fairplex's plans. I'm Mike Cedar, I've been with Fairplex  
23 for over 20 years and we've been a long-term participant and  
24 support to the thoroughbred racing industry.

25           As you all are aware, we have live and satellite

1 racing. We have Barretts Equine Sales facility and we have  
2 year-round training.

3 And Fairplex is a place where someone can come  
4 out, they can buy a horse at the Barretts sale, and they can  
5 train it on the back side at Fairplex, they can race it at  
6 Fairplex, and they can wager on it through our satellite  
7 wagering facility.

8 We've been a partner with the industry for years.  
9 Our training facility has been in existence for well over 30  
10 years. We're a major contributor to all of the race tracks  
11 in California.

12 Income generated from thoroughbred racing is  
13 reinvested at Fairplex. In the time that I've been at  
14 Fairplex, I've seen our race track expand from a half-mile  
15 bull ring to a five-eighths mile facility. We've renovated  
16 our grandstand and, of course, we've made a significant  
17 investment in Barretts and all the related barns within that  
18 complex.

19 A little bit about who Fairplex is. We are a  
20 nonprofit organization, we've been in business since 1922.  
21 As a nonprofit, our mission is really to create economic  
22 impact, create jobs, and to be an asset to our community.

23 Thoroughbred racing has been a major part of our  
24 business since the outset. We, as an organization, have a  
25 long-term lease with the County of Los Angeles. That lease

1 goes through 2043, plus two five-year options, so we're  
2 going to be here for at least another 40 years operating  
3 Fairplex and the Los Angeles County Fair.

4           The team at Fairplex is hands-on. We're all on-  
5 site. We have a proven track record of success. If you  
6 look over the years you'll see that our race meet has  
7 improved, that our training has improved, that our ITW  
8 facility has improved.

9           The senior management team, which operates all of  
10 Fairplex, has more than 200 years of experience throughout  
11 the industry.

12           The various components, just a little more  
13 information, we started racing in 1922, offered the first  
14 parimutuel wagering in 1933, in Southern California.

15           This last year we had 7.1 million in average daily  
16 handle, which ranked us tenth in the United States.

17           Our satellite wagering facility, that operates  
18 year-round, ranks us fifth in California.

19           The training program adds about one-half horse per  
20 race, per day, throughout California.

21           In the Barretts facility, horses catalogued  
22 account for 17 percent of all the starters at California's  
23 race tracks. And we are partnered with CTBA, and we started  
24 a yearling sale, a joint yearling sale last October. It was  
25 very successful and we see that going forward as a

1 partnership for a very long time.

2           A little bit about the market that we're in. The  
3 L.A. County fair event attracts 1.3 million people. The  
4 year-round shows and events business that we're in attracts  
5 another million and a half. So there's about 3 million  
6 people coming to Fairplex, today. Those are all people that  
7 can get exposures and have exposures to racing that takes  
8 place, or satellite wagering that takes place on the  
9 property.

10           The Inland Empire is the fastest growing urban  
11 market in the country. Within a 20-mile radius there's  
12 about three and a half million people that live within our  
13 community. The demographics are very attractive. The  
14 average age is young, 33. The average household income is  
15 over \$78,000.

16           The communities are moving from being somewhat  
17 sleepy, suburban communities, into now retail and  
18 entertainment communities, and business is following the  
19 suburban crawl to the east.

20           We're at the hub of L.A., Orange County, and the  
21 Inland Empire. We like to say that every day Fairplex seems  
22 to be getting a little closer to the center. The growth to  
23 the east is pulling us right into the middle of the Los  
24 Angeles region.

25           Our freeway systems serve four adjacent counties

1 around us and we have strategic proximity, of course, along  
2 the 210 and the I-15 corridor to Santa Anita and to Del Mar.

3 And the majority of trainers and employees, who  
4 work in the racing industry, reside in the San Gabriel  
5 Valley, in the Inland Empire.

6 So we've been looking at a track expansion,  
7 talking about a track expansion for some time. The  
8 highlights of that, and we'll go through a few more slides  
9 that will give you some pictures of this, but the highlights  
10 are an expanded one-mile track, with a synthetic surface, a  
11 seven-eighths mile turf track, improvements to the  
12 grandstand facility, a new paddock, back side improvements,  
13 and a new look and feel, a park-like look and feel for  
14 Fairplex.

15 Looking at the facility from about 30,000 feet  
16 down, Fairplex encompasses 550 acres. About 300 acres of  
17 that are parking lot, and the balance of it is a facility  
18 that's in use, either buildings or the race track  
19 environment. The race track takes up, currently, about 125,  
20 130 acres.

21 With an expanded track, that will move up to a  
22 number closer to 160 acres.

23 And so as you're looking at this graphic, the race  
24 track, of course, is right there in the center. The barns  
25 are on the upper left-hand corner, and there's 1,300 stalls

1 that would be part of this complex.

2 And you see the parking fields down below the  
3 track. And those parking fields, as I mentioned, currently  
4 we can accommodate about 30,000 cars, so we certainly would  
5 have adequate parking to deal with any size crowd or any  
6 size event. During the Los Angeles County Fair, on a  
7 Saturday, we'll do 120,000 people and easily park 30,000  
8 cars. So it all seems to work well within our facility,  
9 even with an expanded race track.

10 As you look at the track a little closer, now,  
11 we're looking at the one-mile poly track of some sort, a  
12 seven furlong turf track.

13 We spend a lot of time, probably at least a year  
14 and a half, in conversations with a variety of people in the  
15 industry, owners, trainers, horsemen of all sorts, to talk  
16 about this track and to try to incorporate some of the  
17 things that they would like to see in a new facility.

18 So what you see here is sort of the result of many  
19 conversations and many interactions of what this race track  
20 could be at Fairplex.

21 We understand that in order to be major league, we  
22 need to create a major league entryway. So what you're  
23 looking at is what would be a new entry point into Fairplex  
24 Park. And you'd be coming in off a hill, on Fairplex Drive,  
25 and looking down on the facility, and you can see sort of

1 off to the far right the race track enclosure, itself.

2 The feel here is to make it contemporary, to make  
3 it easy access, to make it a lot more comfortable for  
4 pedestrians.

5 Let me skip back here to the paddock area. This  
6 would be a brand-new paddock for us. We like to create an  
7 environment that's fan friendly, water features, a lot of  
8 green, a lot of landscape, super graphics over the paddocks,  
9 and a tie-in of some of the Barretts look and feel into our  
10 barn area -- into our paddock area.

11 As you are all aware, the Barretts area has a real  
12 nice Kentucky style feel and we'd like to continue that  
13 theme throughout as much of Fairplex as we possibly can.

14 The grandstand facility, we would like to add  
15 about 40 feet. This addition would be used primarily for  
16 private parties and for special events. This is on the left  
17 side of the facility.

18 As you look at the existing grandstand, we'd be  
19 renovating in that facility. What we're trying to do is to  
20 create more areas for people to gather.

21 We're finding more and more with our business that  
22 it's about the social experience that we're trying to  
23 create. And as we design this, it's really with the idea in  
24 mind that we're trying to solicit groups and group  
25 activities to come in and enjoy the races.

1           The dining terrace would be expanded so that we  
2 could accommodate several hundred more people.

3           And from the back side of the race track, we'd  
4 build a new stable area cafeteria. This would be off of  
5 White Avenue. It would have access to the public, so  
6 customers could come in, could sit on the back side, have a  
7 meal, have a cup of coffee, watch the horses run and wager  
8 from the back side of the facility.

9           What we're looking at for this sort of a project  
10 is about a hundred million dollars. We've been back over  
11 this many, many times with our architects, and we keep  
12 landing in and around this number.

13           The race track improvements are about \$75 million,  
14 the majority of that money going into the tracks, the  
15 relocation of barns, and the construction of new barns.

16           Grandstand improvements are to create those areas  
17 that we would like to create for groups and to really  
18 renovate the entire grandstand facility, that's \$25 million.

19           Well, how do we pay for this? Assuming that  
20 racing dates become available and that Fairplex is  
21 considered as a location, relocation, when you look at the  
22 economics of it, we believe that we need to have 20 weeks of  
23 racing, or the equivalent. So it may not be 20 weeks of  
24 racing, it may be some other variation of that.

25           But that if this is the location, the industry

1 would need to work together on an economic solution that  
2 would get us to about the same point, 20 weeks of racing.

3 We're also looking at different financing  
4 alternatives, whether or not we could create a JPA  
5 structure, whether we could do something similar to what Del  
6 Mar did in the construction of their facility. And we're  
7 looking at a variety of public and private funding sources.

8 In terms of entitlements, what do we need to do to  
9 be ready to go. The racing law already allows for racing  
10 dates in the Central Zone. The City of Pomona would not  
11 require any new zoning, we're entitled to have a race track,  
12 we're entitled to expand a race track.

13 And our county lease clause -- county lease has a  
14 use clause that already allows us to be in the horse racing  
15 business, as we are. So really, from an entitlement stand  
16 point, it's a fairly straight forward process.

17 Those are my remarks. I'd like to turn it back  
18 over to Cliff and allow him to make some concluding remarks  
19 on behalf of Fairplex.

20 MR. GOODRICH: Thanks, Mike. I think, obviously,  
21 as you see the pictures, if racing dates become available, I  
22 think that that's an easy improvement. Not that it's easy  
23 to throw up nice pictures and fancy drawings, nor to spend  
24 what's estimate to be a hundred million dollars.

25 But I think there's another piece of the puzzle,

1 and that's the vision the Chairman and some Commissioners  
2 talk about. And what I like about Fairplex and the work I  
3 do for them is it may be faulty, and it may be wrong, but  
4 they have some very strong thoughts as to what this industry  
5 needs to do to make it better.

6 And assuming racing dates become available, one of  
7 the first things we feel that are very important is to  
8 financially strengthen the incumbents that are left,  
9 starting with MEC, Del Mar, Oak Tree, the thoroughbred  
10 horsemen and the breeders.

11 How do you do that, you allow them more weeks.  
12 They expand their calendars. And just given their historic  
13 levels of handle, that will immediately increase purses and  
14 conditions and benefit the entire industry.

15 Step two. I've worked for public companies all my  
16 life. Given the present economic climate in California, I  
17 think it is fairly clearly that once Magna is strengthened,  
18 I think you need to take a long look at moving towards not-  
19 for-profit companies. They don't have shareholders, they  
20 don't have private investors, they don't have Wall Street,  
21 and their charters basically say what we make goes back into  
22 the game.

23 And if racing has any chance, any change  
24 whatsoever, what is made needs to be reinvested into the  
25 game. Fairplex's charter is just that, as are the Oak Trees

1 and, basically, the Del Mar's of the world.

2 Third, and I don't think anybody would argue with  
3 this one. Purses must increase, commissions must rise, the  
4 product must be improved. Boy, that's easier said than  
5 done.

6 How do you do it? Well, the first step  
7 Hollywood's taken and I know others will follow, you have to  
8 have safer and more consistent racing surfaces, and that's  
9 certainly in Fairplex's plans.

10 Secondly, you have to move towards more not-for-  
11 profit companies.

12 Thirdly, you've got to have more eligible horses  
13 to draw from, and that takes not only major league racing  
14 centers, but major league training centers. And major  
15 league training centers that include the ability to train on  
16 a turf course.

17 And that is in Fairplex's plan and, where  
18 feasible, I think horses need to be able to train on turf  
19 courses at the off-site facilities. That's going to  
20 immediately increase the field size in your grass races.  
21 You're going to be able to get more of them, and it will  
22 take some pressure off the dirt races and thereby increase  
23 those field sizes.

24 And finally, should weeks become available, we  
25 don't believe more is better, we believe less is better.

1 That is the time for this industry to consider contraction,  
2 to have fewer racing days, major league facilities, more  
3 horses available.

4 I assure you, all of that combined will increase  
5 field size, generate fan interest, increase purses, horses  
6 will sell for more at the sales at Barretts, or anywhere  
7 else in California. And, most importantly, you're going to  
8 have a product that you can market.

9 The industry and this Board talks a lot about how  
10 are you going to market the product but, unfortunately,  
11 between us in this room, and it's not anybody's fault, we  
12 don't have a good product. The product has to be better.  
13 We need to take steps to make this product better and I  
14 think Fairplex is on the right path.

15 Finally, what I think Fairplex offers, is they  
16 have a long-term lease that runs for a half a century.  
17 Without any question, that facility is going to be there,  
18 unencumbered, having the unilateral right to conduct  
19 thoroughbred racing for the next 50 years on a footprint  
20 where you're not going to pick up the morning paper and read  
21 the property's been sold and is going to be developed. And  
22 that is a great insurance policy for this industry, that  
23 knows somebody's standing there and putting their best foot  
24 forward, and knowing that racing's going to be there without  
25 any doubt, for the next 50 years.

1           So what do we think needs to take place? We think  
2 this Board, either in one bite or two bites, needs to make  
3 it clear for the next two years here is the racing calendar,  
4 and then the murkiness needs to be cleared up past 2008.

5           So at least for the next three years, through  
6 calendar year 2011, we think this industry needs, deserves  
7 and must have a five-year calendar that conveys a message to  
8 everybody of exactly where the racing is going to be.

9           Because what Fairplex is talking about, and I  
10 believe what Los Alamitos is talking about, first of all  
11 you're going to need another facility of Hollywood develops  
12 that property. It's going to take one to two years to do  
13 the things that we propose. Los Alamitos can speak for  
14 themselves. If that's the case, you're going to need a year  
15 or two head start to get to that point where, in 2009, if  
16 that's the year, racing would move to an alternative site.

17           So with that, that's Fairplex's feelings, and we'd  
18 be glad to answer any questions.

19           COMMISSIONER HARRIS: Cliff, I really enjoyed your  
20 presentation. You know, I guess any kind of projections are  
21 going to be dependent on a lot of different variables. Your  
22 20-week number, to make it a viable operation, does that  
23 include the three weeks that you already have or is that  
24 another 20 weeks?

25           MR. GOODRICH: That's 20 weeks in addition. And

1 just to maybe precede or preempt the question that might  
2 come, because it gets a bit confusion, we advocate on one  
3 hand a contraction to the calendar, because we feel that's  
4 in the best interest of racing.

5           If that were to happen and Fairplex were to be the  
6 candidate, if Hollywood Park develops their property, we're  
7 probably the ones where that's going to get contracted. I  
8 don't see Hollywood, Oak Tree, Del Mar giving up weeks. I'm  
9 not saying they should.

10           So let's just assume Fairplex ended up with 12  
11 weeks, we're just saying whatever the eight weeks of revenue  
12 would be lost, somehow it's going to take a lot of  
13 negotiation, we need to somehow make that up in order to  
14 equate the 20 weeks of economic benefit without necessarily  
15 having 20 weeks of racing.

16           CHAIRPERSON SHAPIRO: I want to thank you and I  
17 think that Fairplex should be commended for putting forth  
18 such an exhaustive effort and a very interesting vision. I  
19 think that you've addressed a lot of the issues that I think  
20 need to be addressed, and so I think it's certainly in the  
21 spirit of what we should be looking at.

22           I happen to agree with you that I think we should  
23 be looking at multi-year allotment of dates. In the past  
24 I've said contracts, and the reason I've said contracts,  
25 whether they're legal or not, would be so that we could not

1 only look to dates, but also set standards that must be met.

2           Because my view is that when we allocate dates, we  
3 are entering into an agreement of sorts where we are giving  
4 the racing associations the privilege of those opportunity  
5 to race, but we want something in return, and part of that  
6 is knowing that they're going to operate and they're going  
7 to operate at a certain level which is going to benefit the  
8 industry.

9           But, nonetheless, I do support the notion that we  
10 should be looking at multi-year allocations of dates so that  
11 we can take the guesswork out of where's California going,  
12 we can give some comfort to the horsemen, knowing that they  
13 have a future ahead of them, and that they can bank on.  
14 And, of course, it's going to make it easier for anybody to  
15 finance any improvements that they choose to make, whether  
16 they're private or public.

17           MR. GOODRICH: And while we certainly understand  
18 this Board can't preempt the future action of others, when a  
19 group of people are talking about spending a hundred million  
20 dollars, a Board can't say, hey, you're in for life, but  
21 there has to be some longevity or an indication that, hey,  
22 you're good with us for X years. After that you're on your  
23 own. But it has to be some reasonable period of time  
24 because that's a major dent.

25           CHAIRPERSON SHAPIRO: I couldn't agree with you

1 more and, for that, I think it behooves this Board to look  
2 at that. And again, I think it's a very interesting  
3 proposal, it offers a lot to the industry, and we have to  
4 stand back and say, well, gee, are we better off doing it  
5 the way we're doing it or are we better off going to a new  
6 race -- getting a brand-new race track. That's pretty  
7 interesting.

8           You know, and is it Fairplex, or is it Los  
9 Alamitos, is it some other place? I don't know, but that's  
10 the discussion that we need to have. So thank you very  
11 much.

12           MR. GOODRICH: And one thing, I'm sorry, I don't  
13 mean to go on, but if I didn't make it clear, given the  
14 investment that we're looking at or that Los Alamitos is  
15 looking at, not knowing their number, unfortunately, there's  
16 not room for both. If Hollywood Park ceases racing, for  
17 whatever reason, you can't just split the pie up, spend 200  
18 million and get it back by dividing racing dates. So one of  
19 those two, or a third entity that hasn't surfaced, yet, will  
20 have to prevail.

21           CHAIRPERSON SHAPIRO: Thank you.

22           MR. GOODRICH: Thank you.

23           CHAIRPERSON SHAPIRO: Does any other  
24 Commissioner --

25           VICE CHAIRPERSON MORETTI: I'd just like to say

1 thank you for all the effort you've put in. If nothing  
2 else, you certainly have stimulated a lot of thoughts in the  
3 room, I can see people's eyes popping.

4 MR. GOODRICH: Maybe worse than that.

5 VICE CHAIRPERSON MORETTI: That's okay, that's  
6 what this is all about.

7 CHAIRPERSON SHAPIRO: Los Alamitos is not here but  
8 they, too, have a plan that -- is somebody representing Los  
9 Alamitos?

10 VICE CHAIRPERSON MORETTI: Rod's here.

11 CHAIRPERSON SHAPIRO: Oh, Mr. Blonien. Perhaps  
12 Mr. Blonien -- you never know which hat you're wearing, so  
13 is today the Los Alamitos hat or is today the Hollywood Park  
14 hat? Which hat, besides that ugly hat, are you wearing?

15 MR. BLONIEN: All hats.

16 CHAIRPERSON SHAPIRO: Okay, then --

17 MR. BLONIEN: Mr. Chairman, thank you for  
18 recognizing us and we have nothing to say at this point.  
19 And I agree, this is a very, very --

20 CHAIRPERSON SHAPIRO: Rod, would you please step  
21 to the microphone? You're going to get stuck.

22 MR. BLONIEN: Thank you, professor, and members.  
23 Mr. Chairman, Rod Blonien, representing Los Alamitos Race  
24 Course. I really don't have anything to say. I just think  
25 it was an interesting presentation and I agree with

1 Ms. Moretti, it does provoke some thinking about the  
2 situation.

3 CHAIRPERSON SHAPIRO: Well, before you get away, I  
4 have seen a presentation from Los Alamitos, and Mike Pegrin,  
5 and it was equally as impressive to me that there is another  
6 option in the eventuality that your other client would cease  
7 to operate, Hollywood Park, that would provide an  
8 opportunity for the thoroughbred industry, as well.

9 I was disappointed that they weren't able to make  
10 it up here today to present that plan also for consideration  
11 and thought but, perhaps at the next meeting they'll be  
12 willing to do that, and to show what possibilities there  
13 could be at Los Alamitos.

14 MR. BLONIEN: I will convey that to them and see  
15 if they would be available to make a presentation.

16 CHAIRPERSON SHAPIRO: Okay, thank you.

17 MR. BLONIEN: Thank you.

18 CHAIRPERSON SHAPIRO: Is there anybody else that  
19 is willing -- oh, Mr. Fravel, brave enough to come forward.

20 MR. FRAVEL: Mr. Chairman, Craig Fravel, Del Mar  
21 Thoroughbred Club.

22 I just wanted to -- first of all, I think this is  
23 a very, as we've said in a number of other, smaller meetings  
24 we've had, an exercise that we need to engage in, whether it  
25 pertains to live racing, or training.

1           I know that, you know, in Southern California, in  
2 particular, there are going to be challenges in the future,  
3 as MAGNA has indicated, that they've had numbers of offers  
4 for San Luis Rey Downs as a training facility. And we  
5 really do need to work together to find solutions to that.

6           And much like Mr. Korby said, I think Del Mar,  
7 whether the Del Mar Thoroughbred Club is the long-term  
8 operator or not, it's going to be there for racing for the  
9 long haul.

10           And we have been working with the Del Mar Fair  
11 Board to develop, in conjunction with them, a master plan  
12 for the entire race track and fairgrounds property, which  
13 includes significant improvements to the back stretch, as  
14 well as the racing surfaces.

15           And that master plan includes the ultimate  
16 replacement of all the old adobe barns that were built in  
17 the thirties, a development of a horseman's center, and  
18 dining facilities on the back stretch that are first class,  
19 as opposed to our current third-world conditions.

20           And as we speak, the fair has just finished the  
21 destruction and reconstruction of all the barns on the front  
22 side, to the tune of about \$15 million.

23           And we are, hopefully, in August, going to be in  
24 the final stages for approvals for the authorization of  
25 funding for the installation of a synthetic racing surface

1 at Del Mar, which I think we'll all agree is a highly  
2 positive candidate for that sort of development.

3 And so I don't have a lot to add. I should say,  
4 you know, we're not interested in taking anybody's race  
5 dates away, or doing any thing other than constructive  
6 things to help and be there with a first class facility, if  
7 we're needed for things, and I'm sure that we'd love to work  
8 with everybody to get that done.

9 But we're doing some very positive things there  
10 and I think in the next two or three years. You know, I  
11 guess I'm one of those people, when I listen to all the  
12 conversations about racing and the problems we're having, it  
13 all starts with the horses as far as I'm concerned, and the  
14 live racing product.

15 And I know I've been a broken record on the  
16 subject of synthetic surfaces, but I think what Hollywood  
17 Park has announced they're going to do will begin to show  
18 dividends this fall, we don't have to wait too long for this  
19 product to get better, and that's going to be a huge step  
20 forward for all of us.

21 So that's all I really have to say, unless you  
22 have some questions.

23 CHAIRPERSON SHAPIRO: Thank you.

24 MR. SCURFIELD: Ralph Scurfield and, you know, I'm  
25 kind of a fair guy, in background that is, and what Chris

1 said, really, it makes me feel better. Because I was  
2 involved with fairs and trying to get them together, and  
3 maximize their revenue, and maximize the better facilities,  
4 and do those kind of things, and it was very difficult. But  
5 it appears to me that mandating it will really be a problem,  
6 and I'll indicate why.

7           Some years back Hollywood Park was granted the  
8 Breeder's Cup. And Pomona races prior to that date, and  
9 there was no grass racing there. So they said we ought to -  
10 - we have to provide something for those horses to come from  
11 the east and all over to prep, so we should have a grass  
12 festival, and Hollywood Park would agree to run the grass  
13 festival and we'd divide up the stuff one way or the other.

14           Well, we proposed, then, to grant those ten days  
15 to Hollywood Park, and I'll tell you, I've never had so many  
16 faxes in my life, most of them from Legislators, and many of  
17 them indicated that go ahead and do that, but we can  
18 guarantee in a short period you will be gone and the rest of  
19 your Board, too.

20           So I think that mandating to political bodies, and  
21 these are big political bodies, and they have board of  
22 directors that like to take their pals up to the Turf Club,  
23 and all of that, is difficult. And you should encourage  
24 them to really get involved and do it on their own, to be  
25 successful.

1           One other thing, there's a lot of energy here and,  
2 yet, we don't seem to be using a lot of that energy with the  
3 Legislature. Some of the things that we talk about are  
4 going to be helpful to racing, but they won't offset --  
5 every month we get a new state with slots, and every month  
6 our horses here, they're running for 10,000, can compete  
7 against the same horses for 15, 25 thousand somewhere else.

8           And we have a great story to tell. We have parity  
9 to tell about. We have 50,000 employees to talk about. And  
10 we ought to be up there educating that Legislature that we  
11 need some parity, either a sharing with the casinos or our  
12 own method of garnering that money and putting it back into  
13 our product, and then purses will go up, and then horses  
14 will come.

15           And I think that you people, you've all been  
16 appointed by various sections and so forth, can start that  
17 grass roots thing. Because if it's strictly in the media,  
18 the Indians will beat us. But if we start really telling a  
19 story to all of the people on the streets, and get  
20 organized, and precinct by precinct, and walking, and do the  
21 things that work, and I think you can be the spearhead.

22           CHAIRPERSON SHAPIRO: Thank you, Mr. Scurfield.

23           MR. CHARLES: Ron Charles, MEC. For the last  
24 several months we have been participating in numerous  
25 meetings, both committees, with all racing associations

1 attending, in addition to private meetings, meeting one-on-  
2 one. And what we're trying to do is exactly, I think, what  
3 you asked for today, you're trying to figure out the future  
4 of racing in California.

5 I think Hollywood Park stepped up and made a huge  
6 decision by going ahead and putting in the synthetic  
7 surface. I think we know, now, for a period of years that  
8 they're going to be racing there and I applaud them.

9 I'm not sure where we are in Northern California.  
10 I think Northern California's current calendar does not  
11 work, hasn't worked for quite a while, and I think we need  
12 to totally reexamine that.

13 I think for the stand point of commitment, during  
14 these meetings, and whether it's public or private, I've  
15 made it very clear in talking to Frank Stronick, in talking  
16 to everyone at MAGNA, we're here to race. MEC is in the  
17 race horse business. We're going to be here in five years.  
18 If you want a five-year commitment, if you want a ten-year  
19 commitment, I can tell you right now we are going to stay  
20 here and be racing in California.

21 Exactly how the calendar is going to be worked, we  
22 hope to be coming back to you within the next month or two  
23 with maybe several different options of calendars in the  
24 north. I think the south, for the next few years, has  
25 pretty much been stabilized because of what Hollywood Park

1 has recently done.

2           So right now, but I do think the north is a major  
3 consideration. It isn't working, I think we need to get  
4 together and figure a plan that makes sense in Northern  
5 California. Because the way we're racing right now, and the  
6 patchwork, the way we're trying to do it, is just failing.

7           CHAIRPERSON SHAPIRO: So let me ask you a  
8 question. How can we, as the Racing Board, help facilitate  
9 that happening. I recognize that with any change comes a  
10 lot of emotion and issues. But what can we do to help  
11 facilitate and also make sure that nobody's made the heavy  
12 and yet plans are put forward?

13           MR. CHARLES: It's difficult because if MEC  
14 is -- if Golden Gate is trying to make a huge capital  
15 expenditure, and we're not sure exactly how long Bay Meadows  
16 is going to run, how do we do that?

17           We're told Bay Meadows may last a short period of  
18 time and, yet, they continue to tell us -- they've been  
19 threatening or it's been possible since 1992, and they're  
20 still racing, and they may be racing five or ten years from  
21 now.

22           Even if Bay Meadows is still racing in five or ten  
23 years from now, the current calendar doesn't work. It  
24 absolutely doesn't work. The premier racing in Northern  
25 California stops in the middle of June. Does that make

1 sense? It doesn't to me.

2           And I just think it's time we examine this. This  
3 is no shot at the fairs, we're talking to the fairs, we're  
4 talking to everyone in this industry. We just strongly  
5 believe that the current calendar in Northern California  
6 doesn't work. And I'm not saying anyone's going to be the  
7 heavy, but someone has to be responsible for taking a  
8 calendar that doesn't work and fixing it.

9           And I think it's going to be up to the California  
10 Horse Racing Board, you're the one who delegates and  
11 dispenses dates. We're going to put our best foot forward  
12 as to why we think we should get the dates that we think  
13 we've earned. But at the end of the day, it's going to be  
14 your decision. And how persuasive we can be, or the fairs,  
15 or Bay Meadows, I think you're going to have to -- you are  
16 the judge and jury.

17           CHAIRPERSON SHAPIRO: Well, I would hope that  
18 before it -- when we will bring this issue back on our  
19 agenda and we'll pick a time, whether it's July or August to  
20 bring it back, and at that point I would hope that people  
21 will have taken the time to get together and come up with  
22 some scenarios that we can consider as a Board.

23           Because we, as a Board, have to look for the best  
24 interest of racing and find the best calendar, and the best  
25 venues to which we can put our product forward. So I

1 appreciate it.

2 MR. CHARLES: And that's what we're going to do.  
3 And I think if you would go back to last year, we  
4 worked -- we worked somewhat hand-in-hand with Bay Meadows  
5 to try to find the best calendar. I'm still not sure  
6 Northern California's calendar works. We will continue to  
7 work and we will have discussions with Bay Meadows to see if  
8 we can improve upon the calendar from this last year, and  
9 bring the fairs into that, also.

10 So you're going to be hearing a number of  
11 different potential scenarios, and I think that's what you'd  
12 want to hear.

13 CHAIRPERSON SHAPIRO: That's exactly what we want  
14 to hear. Thank you.

15 MR. COUTO: Good afternoon, Drew Couto,  
16 Thoroughbred Owners of California.

17 I think, as you all know, in September of last  
18 year we met with our track partners to begin asking the same  
19 questions the Horse Racing Board's been asking. And it's  
20 been a difficult process just to bring that up and to have  
21 candid discussions.

22 And we thought it was important, as owners,  
23 because there was a lot of uncertainty about what the future  
24 held here in California, for California racing. And it was  
25 our impression it was affecting investments made by owners

1 currently and, in particular, some breeders, both here in  
2 California and out of state, what was California racing  
3 going to look like in three to four years from now.

4           And that was important to us because a decision  
5 made this year about breeding a horse results four years  
6 from today in a two-year-old. And so they have to plan  
7 quite a ways ahead.

8           And because of the uncertainty about the venues,  
9 as I said, we were feeling extremely uncomfortable about  
10 California's success as a racing venue.

11           Today, I'm really pleased, and I'm thankful, and  
12 I'd like to congratulate Hollywood Park for announcing the  
13 installation of a cushioned track, because I think that is  
14 going to go a long way to allay some of the fears and  
15 concerns about the future and it's a very positive  
16 development going forward.

17           When we undertook this whole process of talking  
18 about the future, we weren't trying to force anyone out or  
19 set deadlines, we wanted to know what our options were and  
20 then, hopefully, have some contingency plans for what we  
21 would do when we finally got to the point at which one of  
22 these facilities decided that they were going to close down.

23           If we don't have -- if we don't understand what  
24 our options are and we don't have some contingency plans,  
25 this industry is going to be in a world of hurt when that

1 day comes.

2           So what I think the Horse Racing Board is doing  
3 that's positive is to help everyone focus on identifying  
4 what the options are, hopefully, not imposing a deadline or  
5 schedule on anyone, as there's a lot of economic issues that  
6 may control these things, but identifying what the options  
7 are and then developing contingency plans together, as an  
8 industry, for when those days come when we know where we're  
9 going, the industry will be much more secure, owners will  
10 continue to make the investment and, hopefully, we'll put  
11 this industry headed back on the right track.

12           And I think, I'd encourage you to continue asking  
13 those questions, encouraging us to focus on what our options  
14 are, and that would be a really good thing for us.

15           As I said a moment ago, we've had a really  
16 positive development with Hollywood Park committing to the  
17 cushioned track. And six months ago that would have been  
18 considered a great victory and I think it is today. So  
19 thanks to you and thanks to Hollywood Park.

20           CHAIRPERSON SHAPIRO: Thank you.

21           Okay, if there is -- is there anybody on the Board  
22 who wishes to comment? Otherwise, we'll move forward.

23           COMMISSIONER HARRIS: On our dates, what sort of a  
24 time table do you envision for next year's dates.

25           CHAIRPERSON SHAPIRO: Well, for next year's dates,

1 we probably should bifurcate this discussion to some degree,  
2 because we probably should come back and have a pure dates  
3 discussion. And I would like to see this discussion, in  
4 terms of long-range thinking, also continue.

5 And perhaps, this year, we should not just look at  
6 one year, but maybe we could look at three, four, or five  
7 years, if possible. But what I would suggest is that we  
8 bring this item back for our next meeting in July, and pick  
9 it up at that time.

10 COMMISSIONER HARRIS: Just as a question, what  
11 sort of time period does it take to put one of these  
12 synthetic tracks in, because it --

13 CHAIRPERSON SHAPIRO: Ninety-seven days.

14 COMMISSIONER HARRIS: What?

15 CHAIRPERSON SHAPIRO: Ninety-seven days.

16 COMMISSIONER HARRIS: No, 96.

17 CHAIRPERSON SHAPIRO: No, 97.

18 COMMISSIONER HARRIS: Because I think there's a  
19 big issue involved as far as --

20 CHAIRPERSON SHAPIRO: Now, Jack may have gotten a  
21 better number. You're using cushion track. A polytrack's  
22 97 days.

23 MR. LIEBAU: I'm always amazed about Mr. Shapiro's  
24 knowledge. I defer to him.

25 CHAIRPERSON SHAPIRO: Can you turn that off for

1 one second? Just one second, okay.

2 (Off-the-record comment.)

3 CHAIRPERSON SHAPIRO: Okay, back on the record.

4 MR. LIEBAU: When it's south, it may be less of an  
5 issue because you've got training tracks, but the north,  
6 neither Bay Meadows or Golden Gate have training tracks.  
7 And if one or the other puts in a synthetic surface and,  
8 thus, there are other surfaces out of commission, there  
9 needs to be some planning going on, on that.

10 VICE CHAIRPERSON MORETTI: Well, maybe the fairs  
11 can --

12 CHAIRPERSON SHAPIRO: All right, we'll move on.  
13 Thank you to everybody who was brave enough to step up. I  
14 know that was not an easy discussion.

15 So let's go on to more fun things. Discussion and  
16 action by the Board on the request of the California Harness  
17 Horsemen's Association that the horsemen's health and  
18 welfare money from the "outs" be distributed pursuant to  
19 statute.

20 This is a matter which relates back to capital  
21 racing.

22 SENIOR PARIMUTUEL EXAMINER REAGAN: Yes,  
23 Commissioners, John Reagan, CHRB staff.

24 This does relate to the "outs" for the last meet  
25 that Capital ran in California, in 2005. Those "outs" are

1 maintained in the system until May 15th of the year  
2 following, that's the recent May 15th. Those "outs" were  
3 dropped at that time, out of the system, and those monies  
4 are ready to be distributed.

5 The CHAA, which administers the Back Stretch  
6 Welfare Fund for Harness Workers, went forward and asked  
7 that this money be held until such time as somebody could  
8 give instructions.

9 Their concern was that with Capital not being a  
10 current, on going racing association in California, and  
11 having some legal difficulties or disputes with various  
12 parties, that this \$70,000, approximately \$70,000 that we're  
13 talking about, if given to Capital directly, might become  
14 mired in some other problems.

15 And since this money is very important to --

16 CHAIRPERSON SHAPIRO: No, you really think that  
17 could happen? No.

18 SENIOR PARIMUTUEL EXAMINER REAGAN: Since this  
19 money is really critical to this one program, the Welfare  
20 Back Stretch -- the Back Stretch Welfare Fund, it's very  
21 critical for that, for that money to be delayed or otherwise  
22 misdirected, whatever, would be really a serious blow. The  
23 \$70,000 for the State of California, an equal amount, I  
24 suppose we could live without, something of a drop in the  
25 bucket, if you will, for the State of California. But for

1 the Back Stretch Welfare Fund, that is a critical issue.

2 And the first cut that staff took at this, we  
3 recommended that you direct us to work with SCOTWINC, who  
4 is holding that money, now, to make sure that it is  
5 distributed directly to the welfare fund and to the State of  
6 California.

7 I understand our legal counsel has another idea on  
8 that and then there's other people who want to speak to  
9 this. So if you have any questions on my part, I will try  
10 to answer them.

11 CHAIRPERSON SHAPIRO: Appreciate it. Yes?

12 COMMISSIONER HARRIS: Is this Back Stretch Welfare  
13 Fund a distinct fund for harness back stretch workers?

14 CHAIRPERSON SHAPIRO: Yes, this particular item is  
15 just for the harness back stretch.

16 Yes?

17 SENIOR PARIMUTUEL EXAMINER REAGAN: These are the  
18 "outs" from the last race meeting operated by Capital  
19 Racing.

20 CHAIRPERSON SHAPIRO: Yes.

21 SENIOR PARIMUTUEL EXAMINER REAGAN: Okay.

22 COMMISSIONER HARRIS: So then we need a motion?

23 CHAIRPERSON SHAPIRO: Well, no. First, we're  
24 going to hear the issue. I think there's a couple of people  
25 that wish to address us.

1           MR. CHEIT: Thank you, Mr. Chairman. I'm not sure  
2 what to make of your prediction that this would be fun, but  
3 I'll do my best.

4           I'm Dave Cheit, with Stevens & O'Connell, here on  
5 behalf of Capital Racing.

6           I have a few minutes of comments, which may not be  
7 necessary. Mr. Reagan seems to be concerned that if the  
8 \$70,000 is paid to Capital, as the statute requires, that it  
9 would not be paid to the Back Stretch Welfare Fund.

10           We've represented in writing, and I represent here  
11 to you, today, it will be. So there is no reason for the  
12 Board to do what staff is proposing, which I think would  
13 cause you to become mired in other problems in the staff's  
14 work.

15           CHAIRPERSON SHAPIRO: Well, then let me ask you a  
16 question. Would you be willing that the money was directed  
17 to the Back Stretch Workers Fund to satisfy this, and that  
18 the money's just transmitted directly to them?

19           MR. CHEIT: I don't see any reason to depart from  
20 the normal statutory process.

21           CHAIRPERSON SHAPIRO: Well, let me tell you the  
22 reason, okay, as I understand it.

23           The reason is that the horsemen are concerned that  
24 the money will be used to defray some other possible  
25 obligations or claims by Capital Racing. If what you're

1 telling me is that's not the intent, and that you wish the  
2 money to go to the Back Stretch workers, then I think we  
3 could all be happy if you simply would say it's fine with  
4 you that the money be paid to the Back Stretch workers. I  
5 think that would make CHAA happy, and we can move on to the  
6 next agenda item.

7 So am I missing something here?

8 MR. CHEIT: Well, I think the issue's a little bit  
9 bigger because the total portion of the "outs" includes  
10 additional money.

11 I mean, the bigger problem, and I won't go too far  
12 into this, if it's not necessary, but staff suggests in  
13 their analysis that Capital was required to make partial  
14 payments, the 20 percent payments, and hasn't made them, as  
15 if we're already in breach of this obligation. And Scott  
16 Link's been holding this money all year.

17 So, I mean, if you're looking for somebody who's  
18 been holding money hostage against some other dispute  
19 somewhere, it's not happened.

20 CHAIRPERSON SHAPIRO: I'm not dealing with hostage  
21 hold or anybody that's holding anything hostage, okay. I'm  
22 just trying to get the money to the right place.

23 MR. CHEIT: Okay. The money has been held by  
24 SCOTWINC must longer than necessary.

25 CHAIRPERSON SHAPIRO: That's irrelevant at this

1 point.

2 MR. CHEIT: If we're paid to Capital, we would pay  
3 it over, so we have no plans to do anything with the  
4 \$70,000, except what the statute would require us to do.

5 Mr. Benbrook said that in writing two weeks ago,  
6 and I'm here to reaffirm that.

7 CHAIRPERSON SHAPIRO: Okay. Mr. Mandel, perhaps  
8 you want to shed light. If they are willing to pay the  
9 money directly to the horsemen, the welfare fund of the  
10 horsemen, would that be acceptable to you?

11 MR. MANDEL: If the question is, is it acceptable  
12 to us -- I'm sorry, Jerry Mandel for CHAA.

13 If the question is, is it acceptable for us to  
14 have the \$70,000 of health and welfare money given to  
15 Capital Racing, with Mr. Cheit's assurance to this Board  
16 that it will be immediately given to the health and welfare  
17 fund, I'm happy with that.

18 CHAIRPERSON SHAPIRO: Fine.

19 MR. MANDEL: If the question is something other  
20 than that, then we have a much more complicated discussion.

21 CHAIRPERSON SHAPIRO: Okay.

22 MR. MANDEL: I am not agreeable to having anything  
23 more than the \$70,000 given to Capital Racing.

24 MR. CHEIT: If we were given the other half of the  
25 \$70,000 that was payable to the State, we'd pay that to the

1 State. I don't see where the problem is.

2 MR. MANDEL: I don't care about the State, either.

3 MR. CHEIT: Well, we care about the State.

4 MR. MANDEL: No, what I mean by that is that  
5 there's 140,000 to be given to Capital, and they're going to  
6 write a check for 70,000 to the State and 70,000 to the  
7 health and welfare fund tomorrow, that's great, too.

8 But there's 250,000, or something like that, that  
9 SCOTWINC has, and we're not agreeable to having all of  
10 that money released, just as we weren't for the other  
11 650,000 that SCOTWINC is holding until all this litigation  
12 is resolved.

13 CHAIRPERSON SHAPIRO: Okay.

14 MR. CHEIT: And may I respond very briefly on  
15 that.

16 CHAIRPERSON SHAPIRO: Yes.

17 MR. CHEIT: The correspondence back and forth, I  
18 think, does delineate. There are two "outs" categories.  
19 The agenda item relates to the "outs" categories that go to  
20 the Back Stretch Welfare Fund and to the State.

21 In addition to that, there are "outs" from  
22 imported races. It is a smaller number. My understanding  
23 is that this agenda item does not ask the Board to take  
24 direction or to give direction to anyone on the disposition  
25 of that money today.

1           CHAIRPERSON SHAPIRO: Okay. I don't want to see  
2 that this -- frankly, it would be my recommendation that  
3 this Board take no action on this matter, okay.

4           COMMISSIONER HARRIS: Can I make a motion?

5           CHAIRPERSON SHAPIRO: No. Only because I don't  
6 want to see us involved in a lawsuit that, frankly,  
7 everybody is capable of fighting, and I don't see why we  
8 should enter into the fray.

9           MR. MANDEL: I'll give you a reason.

10          CHAIRPERSON SHAPIRO: On the other hand, I would  
11 like to see that the Back Stretch workers receive their  
12 money, and I would like to see that the State receive its  
13 money. So if there's a way to avoid that, then I'm all for  
14 that.

15          Am I missing something?

16          MR. MANDEL: I don't control the money. All I  
17 know is that there is a health and welfare fund that has no  
18 money in it, that CHAA is trying to advance out of its own  
19 extremely limited resources, and that they need this  
20 \$70,000. We're fighting over four, five million dollars, of  
21 which this is nothing. It won't affect anybody's life.

22          CHAIRPERSON SHAPIRO: And let's not talk about  
23 that.

24          MR. MANDEL: And if Mr. Cheit's commitment is that  
25 if, on Monday, Mr. Berella can have \$140,000 wire

1 transferred to his client's account, with the  
2 representation, under penalty of jail for a hundred years,  
3 that that 70,000 is going into that welfare fund the next  
4 day, and the 70,000 is going to the State, I'm a happy guy.

5 CHAIRPERSON SHAPIRO: Will you make that  
6 commitment?

7 MR. CHEIT: Part of it.

8 CHAIRPERSON SHAPIRO: Okay.

9 MR. CHEIT: You know which part I won't make.

10 CHAIRPERSON SHAPIRO: Okay, I'll tell you what I'm  
11 going to do.

12 MR. CHEIT: No, no. I'm just joking about the  
13 jail for a hundred years.

14 CHAIRPERSON SHAPIRO: I want to move this along.  
15 So what I'm going to do is I'm going to ask that we table  
16 this discussion, will you guys please go back, go outside  
17 and see if you --

18 MR. MANDEL: No, no, no, that's not going to work.  
19 You need to make a decision. You need to say to him, you  
20 have an agreement or you don't. We're already fighting over  
21 millions of dollars. We're not going to reach an agreement.  
22 I tried this. This started with a simple letter, will you  
23 agree to release the \$70,000 to the health and welfare  
24 because it doesn't pertain to anything except these poor  
25 people who need help, and the answer was absolutely not.

1           CHAIRPERSON SHAPIRO:  Okay.  But you're now saying  
2  you will; is that correct?

3           MS. CHEIT:  Yes, if the money's paid to us, we  
4  will turn it around immediately.

5           CHAIRPERSON SHAPIRO:  Okay.  Is there something  
6  I'm missing in the if the money's paid to us, I'll turn  
7  around immediately?

8           MR. MANDEL:  I don't understand what the problem  
9  is, why they would object, instead of it being paid to them,  
10 they just pay it directly to the fund.  I mean, what is the  
11 issue?

12          CHAIRPERSON SHAPIRO:  Do you have a problem with  
13 that?

14          MR. CHEIT:  We would prefer that it be done the  
15 way it's always been done.

16          CHAIRPERSON SHAPIRO:  Okay, I know you'd prefer  
17 it, the way it's always been done.

18                 But will you agree to resolve this, would you  
19 allow SCOTWINC to pay the money directly, the 70,000 to  
20 them and the 70,000 to the State of California.

21          MR. CHEIT:  We don't see any difference.  If  
22 that's --

23          CHAIRPERSON SHAPIRO:  Yes?

24          MR. CHEIT:  If the Board insists it be done that  
25 way, we will not object.

1 CHAIRPERSON SHAPIRO: Great.

2 MR. CHEIT: But that's the Board taking action  
3 that's not necessary.

4 CHAIRPERSON SHAPIRO: Okay, I'll make a motion  
5 that the -- and thank you, and thank your client -- that  
6 SCOTWINC be directed to pay \$70,000 to the CHAA Health  
7 Fund, whatever it's called, and \$70,000 or the exact numbers  
8 to the State of California.

9 Is there a second?

10 VICE CHAIRPERSON MORETTI: Second.

11 CHAIRPERSON SHAPIRO: All in favor?

12 (Ayes.)

13 CHAIRPERSON SHAPIRO: All right.

14 MR. MANDEL: Thank you.

15 SENIOR PARIMUTUEL EXAMINER REAGAN: It will be  
16 done first thing tomorrow morning.

17 CHAIRPERSON SHAPIRO: Thank you, John.

18 MR. CHEIT: Before you move on. I would like to  
19 clarify that the agenda item for today does not ask the  
20 Board to do anything, to give any direction to anybody about  
21 the remainder of the "outs" money from the imported races.

22 MR. MANDEL: That is correct.

23 CHAIRPERSON SHAPIRO: Okay. Okay, we have got to  
24 finish the next few items very quickly or we're going to  
25 lose our court reporter.

1           The next item is a report on the Scientific Games  
2 Quantum Data Center. Okay, I'm going to have to limit this  
3 to five minutes, and no longer. I'm sorry if that's rude,  
4 but we have got to be out of here because the court reporter  
5 has to be out of here.

6           MR. KELLER: My name is Dan Keller, I'm with  
7 Scientific Games Racing and, actually, Mr. Chairman, and  
8 members of the Board, if you want to just turn around and  
9 take a look at the Power Point presentation.

10           Some of the themes today, just talking about  
11 commitment to the sport, investment in the sport of racing,  
12 and changing from the past to a better, bolder future, we  
13 think a lot of what we've been doing at Scientific Games  
14 kind of dovetails with some of that theme, some of the  
15 things that you've been talking about today.

16           And our Quantum Data Center is actually a result  
17 of a pretty significant investment that we've made in the  
18 sport over the last -- over the last couple of years,  
19 between the development of our new terminals, as well as the  
20 Cap X related to the two data centers, one in New Jersey,  
21 and this facility that's being completed in Sacramento, it's  
22 upwards of 35 to 40 million dollars worth of investment that  
23 Scientific Games Racing or Scientific Games is making in the  
24 sport of racing.

25           Just a quick overview of the facility, this is

1 actually the blueprint of the Sacramento facility. I'm not  
2 going to get into a lot of the details of this, I'm just  
3 trying to give you a quick update on where we're at. But  
4 there are a couple of key points to note on how the build  
5 out is being developed.

6 We actually see three different security zones, so  
7 from a physical security stand point, it's going to be a  
8 facility that is unlike anything that is out in the  
9 industry, currently. Whether it's some of our existing  
10 facilities, some are previous, or some of the other tote  
11 company facilities, you have that old-fashioned tote room.  
12 You have a front door that's locked, but a back door that's  
13 open, you know, because that's where people go to smoke, or  
14 have their lunch, or whatever.

15 And this is just something very different than  
16 that. So you look at the green zones, you still are  
17 required to have a security card or a security pass to get  
18 into those green zones. General office use areas.

19 If you'll look at the blue zone, or zone two is  
20 the operations center. Again, a different level of security  
21 that's required to get in there.

22 And then you look at the decoder and the server  
23 rooms, a third level of security.

24 So again, as you look at each level of security,  
25 fewer and fewer people, people with higher levels of

1 security clearance are required to get into each one of  
2 those levels.

3           And the audit logs for who's going where are  
4 monitored by our corporate compliance department. So it's  
5 not any report that's done within the facility, the  
6 compliance audit is done by our corporate compliance people,  
7 in New York, and we think, again, that's something that's  
8 significantly different than how the industry has operated,  
9 previously.

10           Let's just take a look at the operations room.  
11 Again, the Sacramento facility, we're just at the point,  
12 now, where we've had -- the servers and the equipment has  
13 been delivered, you'd see all the monitors and such on the  
14 tables. Everything is currently in the process of being  
15 tested, deployed, et cetera, from the component level.

16           The same with the servers in the back room. As  
17 you'll look through the glass, all of that server equipment  
18 was put in place by Hewlett Packard, down in Texas. It was  
19 all tested there, it's been broken down, and now it's been  
20 shipped out to the facility. All of that has been delivered  
21 to the facility and we're in the final stages of that  
22 deployment.

23           From the support stand point with Hewlett Packard  
24 again, this is just showing some of the servers in the  
25 server room. But the commitment or the relationship that we

1 have with Hewlett Packard provides guarantees that the  
2 hardware at the QDC will have no single point of failure.  
3 Again, something very different than some of the other  
4 facilities in the industry, today.

5 We've contracted with the highest possible levels  
6 of technology maintenance and support with Hewlett Packard.  
7 Again, the commitment is for level four standards being met  
8 from the Up Time Institute, and that expectation is 99.99,  
9 et cetera, percent up time.

10 So currently, where we're at, the infrastructure  
11 equipment has all been installed and tested. There's dual  
12 UPS systems and generators. There's a dual HVAC system.  
13 The fire systems, the alarm systems have been tested and are  
14 in place.

15 The equipment, like I said, was just delivered  
16 recently from Hewlett Packard, it was delivered on the 19th,  
17 so just a couple days ago. And we currently have Hewlett  
18 Packard engineers, along with our own engineers, currently  
19 on site, in the final stages of getting equipment deployed,  
20 software tested, installed, et cetera.

21 One of the other things that we're looking to do  
22 is assemble a working group within the industry to determine  
23 the specific dates, then, of migration. So as far as the  
24 facility, itself, like I said, we're kind of at these final  
25 stages.

1           Now, you start to look at, okay, how do we take  
2 these systems that are old, at these various sites  
3 throughout the State, and get them deployed, or get them  
4 into this new QDC facility and start taking advantage of the  
5 investment infrastructure and some of the things that we're  
6 doing there.

7           So we're looking to work with a working group, or  
8 define a working group within the industry to determine  
9 those specific dates for migration, determine the order, you  
10 know which facilities make sense to go before others, based  
11 on race dates, and other things of that nature, and then  
12 determine the other specifics, obviously, with the migration  
13 and testing, et cetera.

14           Just a couple quick notes on the migration  
15 framework. Each system continues to operate as it's own  
16 instance of tote, currently as it exists out in those remote  
17 facilities but, also, once it gets into the QDC facility, as  
18 well. There are upwards of 109, a hundred and some odd  
19 blade servers, and instances of tote will reside on three  
20 blades, or the instances of the tote will reside on three  
21 blades and that will continue to be the case as we go  
22 through the migration process.

23           Ultimately, what we will be doing is upgrading the  
24 system as it currently exists at the facility, at the remote  
25 facilities where they are now, in location, to our top level

1 software. We'll do testing and we'll allow it to run for a  
2 week or so in that facility, to make sure that any hiccups  
3 have been addressed, and then we'll make that migration into  
4 the QDC facility.

5           The migration into the QDC is an overnight event,  
6 it's about a four- to five-hour event. So when you shut  
7 down at the end of the day, on a Sunday evening, all this  
8 work can be done and finalized by five, six o'clock the next  
9 morning, well in time for any kind of simulcast wagering,  
10 anything that you're going to be doing the next day.

11           Our tentative game plan at this point in time,  
12 again, the facility is being built out, it will start to be  
13 ready to accept systems collapsing into it starting on the  
14 18th of July. The first system that will be going into the  
15 QDC West is the Canterbury Park system. The Canterbury  
16 system is responsible for Canterbury Park, Dairyline,  
17 Greyhound, Turf Paradise, the Arizona OTBs, and Yabapi  
18 Downs.

19           From the 18th of July through August 6th, we will  
20 be refining the QDC operations, everything from continuing  
21 to ramp up on the necessary personnel -- again, this isn't  
22 just to be sort of the existing environment out in the tote  
23 world, where you have one great guy at the race track, and  
24 when he's sick or he's on vacation, then sort of all heck  
25 breaks loose, this is really to staff these facilities with

1 the best and brightest, people with unique skill sets that  
2 have not been embraced or haven't been put in place by the  
3 industry, previously.

4 On 8/7 is when we'll collapse or bring in the  
5 Hawthorne System. The Hawthorne System is Hawthorne Park,  
6 the Chicago Intertrack Partners, Balmoral, Maywood, et  
7 cetera.

8 And then from that point forward this is really  
9 our proposed, but this is where we need feedback from the  
10 other participants, the associations and the industry, and  
11 where the work of a working group would come into play.

12 Right now, our proposed idea is to have Bay  
13 Meadows, Los Alamitos, and then Southern California follow  
14 the time frames outlined, currently. But, again, that's  
15 subject to change, subject to change based on the feedback  
16 from others in the industry.

17 CHAIRPERSON SHAPIRO: All right, thank you. I'm  
18 sorry to cut you off.

19 MR. KELLER: Well, to be perfectly honest, that  
20 was it.

21 (Applause.)

22 CHAIRPERSON SHAPIRO: Thank you very much. When  
23 Commissioner Harris is done playing video games, we'll end  
24 the meeting.

25 Thank you very much. In the interest of time, I

1 would like to defer Items 14 and 16, and the only item left  
2 would be Items 15, and then general business.

3 So Item Number 15, which really is -- John, go  
4 ahead.

5 SENIOR PARIMUTUEL EXAMINER REAGAN: Commissioners,  
6 John Reagan, CHRB staff.

7 CHAIRPERSON SHAPIRO: Hold on one second.

8 MR. LIEBAU: Commissioners, Jack Liebau from Bay  
9 Meadows and Hollywood Park, and we just -- we have just  
10 concluded the meet at Bay Meadows and we're running, still,  
11 at Hollywood Park. And I note, with respect to this one,  
12 Number 14, it talks about numerous problems, and delays, and  
13 failures at the track of the totalizator system. I would  
14 hope that when that agenda item was brought back, that we  
15 could have a list of those before the meeting. Because,  
16 frankly, I don't know what they are, as President of both  
17 tracks, and I would like to be prepared to address those.  
18 So when you bring it back, I would hope that you would  
19 insist upon getting some information as to what those  
20 failures are because, unfortunately --

21 CHAIRPERSON SHAPIRO: None of them were on the  
22 part of Hollywood Park or Bay Meadows, but we'll be glad to  
23 do that.

24 MR. LIEBAU: No, no, I mean, it must be in that  
25 system out there whether -- because we're running, we're

1 dependent on what's going on at Anderson, and San  
2 Bernardino, and all those places.

3 CHAIRPERSON SHAPIRO: Well, last Saturday, at your  
4 race track, at the seventh race, your tote board was showing  
5 all fives.

6 MR. LIEBAU: Well, that happens once in a while,  
7 yeah.

8 CHAIRPERSON SHAPIRO: That's what we're talking  
9 about.

10 MR. LIEBAU: Okay. Well, I thought it was a  
11 little bit more than that because it's numerous problems,  
12 and delays, and failures.

13 CHAIRPERSON SHAPIRO: Okay, we were trying to  
14 cover everything.

15 COMMISSIONER HARRIS: Cover everything. There  
16 have been a lot of national press articles on the tote  
17 systems. I don't think they were directed at any one track,  
18 but just a lot of different things that the industry's  
19 worried about.

20 MR. LIEBAU: As are we.

21 CHAIRPERSON SHAPIRO: Thank you.

22 SENIOR PARIMUTUEL EXAMINER REAGAN: John Reagan,  
23 CHRB staff. And if I may, sitting with me today is a new  
24 employee with the Horse Racing Board, since February, and I  
25 will let her introduce herself.

1 MS. MERRICK: Ysanne Rarick, CHRB staff.

2 SENIOR PARIMUTUEL EXAMINER REAGAN: Ysanne has  
3 been working with me on -- she came to us with good computer  
4 skills and we're now training her to understand horse  
5 racing, the various types of handle, and all that fun stuff.

6 And we have prepared, for you, a new set of  
7 reports, and we're referring to it as a staff report. And  
8 this is a monthly look, month-by-month, that we have reports  
9 here that this is the report for May of 2006 versus May of  
10 2005.

11 And then there is a secondary report where we look  
12 at the entire cumulative racing year so far, from the  
13 December 26th through the end of May, and then another  
14 report regarding the attendance in that same period,  
15 December 26th, through the end of May.

16 And then, of course, next month there will be a  
17 report regarding June, and then we will bring that  
18 cumulative forward, also. And this is one of the numerous  
19 projects that Ysanne is working on.

20 And so if you have any questions?

21 CHAIRPERSON SHAPIRO: Yes. I would like to thank  
22 you, Ysanne, for working on this, and I did have the  
23 pleasure of speaking to you last week.

24 I think it would -- I've requested that you do  
25 this, and this is a good first brush at it, but I would like

1 to see that we could have this in our packet every month,  
2 and that we could try to refine it down so that we, on the  
3 Board, can have a better idea of how we're doing, and we  
4 don't wait until the end of a meet to get a report, but that  
5 we could be tracking each month, each racing association,  
6 and see how are they doing, where are we trending, and try  
7 to add things as we go along, so that we can grow this to  
8 include other things.

9 I've seen other statistical reports that are done  
10 by some racing associations, the horsemen's organizations,  
11 and they're able to show purse generation, commission  
12 generations, and I think if we could elaborate this, it  
13 would be more useful to us, as a Board, so that we can kind  
14 of gauge where we're tending and what we're doing.

15 And if there's something that we can do in the  
16 interim, it would just be useful, rather than at the end of  
17 a meet, and then the next year we come around and we're  
18 like, oh, well, it was disappointing, next year hope it's  
19 better.

20 So I'm just trying to get better statistical data  
21 that I think would be useful.

22 COMMISSIONER HARRIS: I think it would be good if  
23 we could get something every week, that we got e-mailed to  
24 us, just showing --

25 CHAIRPERSON SHAPIRO: I think that's a great idea.

1 Because I know I go through -- either I'm logging onto  
2 people's websites, or I'm looking at the steward's minutes  
3 to try and see how are they doing, and I can't tell.

4 So maybe that's a better idea, that Ysanne, maybe  
5 you could give us, each week, kind of a recap of saying,  
6 well, here are the race meets that are going, here's how  
7 they did this week, here's how they did last year, week-to-  
8 week, year-to-year, and so forth.

9 MS. RARICK: Okay.

10 CHAIRPERSON SHAPIRO: And I think that's what  
11 we're looking for because it will be useful for us, as  
12 Commissioners, to know.

13 COMMISSIONER HARRIS: It would be really good,  
14 too, when we do our license applications each year, that we  
15 get a little bit of a history of how they've done. Maybe  
16 not just one year, but over --

17 CHAIRPERSON SHAPIRO: That's right. And it  
18 dovetails into this strategic planning. Because if we see a  
19 meet that does nothing but go down and we say, well -- and  
20 there's an option of, well, we could change that over here  
21 and that's, you know, should we be looking at that. And so  
22 that's the point of this.

23 Okay, thank you very much and welcome to the CHR.B.

24 MS. RARICK: Thanks.

25 CHAIRPERSON SHAPIRO: We're now going to move

1 in --

2 MR. CASTRO: Excuse me, if you're talking about  
3 staff, may I say something?

4 CHAIRPERSON SHAPIRO: If it's quick.

5 MR. CASTRO: It will be quick. And pass it on  
6 that it was quick, because I don't really mean it to be  
7 quick. I understand, or I've heard in the rumor mill, that  
8 Roy Minami is thinking of retirement. If that is true, I  
9 think I can speak for the industry that he's  
10 appreciated --

11 CHAIRPERSON SHAPIRO: I want to stop you. I want  
12 to stop you that's not a subject that is an appropriate  
13 discussion at this time. Thank you.

14 Other business. Yes.

15 MS. CRYMES: Jenne-Lynn Crymes. I'd be happy to  
16 give you access to our system, where you can log in and see  
17 handle, purse calculations by day.

18 CHAIRPERSON SHAPIRO: Oh, that would be wonderful.

19 COMMISSIONER HARRIS: That would be great.

20 CHAIRPERSON SHAPIRO: That would be wonderful. If  
21 you could e-mail us, we are all e-mail capable now. We are  
22 all, now, e-mail capable. Thank you very much, Jenne.  
23 Jenne, I hope it was.

24 CHAIRPERSON SHAPIRO: Mr. Blonien?

25 MR. BLONIEN: Mr. Chairman, my name is Rod

1 Blonien. On behalf of Los Al, I would like you to  
2 reconsider Item 7, dealing with the coupling issue, and  
3 extend the date upon which the test would be run at Los Al,  
4 because the way the motion passed, the experiment at Los Al  
5 would end before your next meeting, and so we'd have it for  
6 a period of time and then there would be a gap and then it  
7 might be extended. So what we'd like to do is be able to  
8 run it until July 31st.

9 COMMISSIONER HARRIS: Yeah, or maybe it should be  
10 until Labor Day, or something, to give you enough time  
11 to --

12 CHAIRPERSON SHAPIRO: Well, I think --

13 MR. BLONIEN: The thinking was, Mr. Harris, that  
14 this would be back on your agenda for the first meeting at  
15 Del Mar, on the 20th of July, and that by then, hopefully,  
16 everyone agrees it's a good thing and it would just be  
17 permanently suspended at that point or repealed.

18 But what we don't want to do is be able to do it  
19 for three weeks, or so, and then to have a break and then  
20 come back and do it again, I think we should have  
21 continuity.

22 COMMISSIONER HARRIS: Why don't we move that we --

23 CHAIRPERSON SHAPIRO: Why don't we just simply  
24 move to amend our motion so that it goes through July 31st.

25 COMMISSIONER HARRIS: Well, maybe we should be to

1 the August meeting at Del Mar, which is on August 17th, and  
2 whatever their last day is before --

3 CHAIRPERSON SHAPIRO: Well, that's going to --  
4 that's fine.

5 COMMISSIONER HARRIS: Yeah, because otherwise  
6 they're going to have a two-week gap, if they didn't have it  
7 or something. As long as you can get the data straight  
8 someday.

9 CHAIRPERSON SHAPIRO: Okay.

10 COMMISSIONER HARRIS: Thank you all.

11 CHAIRPERSON SHAPIRO: I move. Second?

12 VICE CHAIRPERSON MORETTI: Second.

13 CHAIRPERSON SHAPIRO: Okay, unless there's  
14 anything else the only thing we have to do is take a five-  
15 minute minute of silence for the missing -- cut the thing,  
16 now.

17 (Thereupon the California Horse Racing  
18 Board meeting adjourned at 5:42 p.m.)

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## CERTIFICATE OF REPORTER

I, CHRISTOPHER LOVERRO, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of June, 2006.

Christopher Loverro

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